

THE DEPARTMENT OF STATE



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**AIDING THE LESS DEVELOPED NATIONS, A COOP-
ERATIVE VENTURE** • *Annual Meetings of the World
Bank, International Monetary Fund, and International Fi-
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FOREIGN POLICY

THE DEPARTMENT OF STATE

Bulletin

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The Department of State BULLETIN, a weekly publication issued by the Public Services Division, Bureau of Public Affairs, provides the public and interested agencies of the Government with information on developments in the field of foreign relations and on the work of the Department of State and the Foreign Service. The BULLETIN includes selected press releases on foreign policy, issued by the White House and the Department, and statements and addresses made by the President and by the Secretary of State and other officers of the Department, as well as special articles on various phases of international affairs and the functions of the Department. Information is included concerning treaties and international agreements to which the United States is or may become a party and treaties of general international interest.

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Aiding the Less Developed Nations, a Cooperative Venture

ANNUAL MEETINGS OF BOARDS OF GOVERNORS OF WORLD BANK, INTERNATIONAL MONETARY FUND, AND INTERNATIONAL FINANCE CORPORATION

The Boards of Governors of the International Bank for Reconstruction and Development, the International Monetary Fund, and the International Finance Corporation held their annual meetings at Washington, D.C., September 28 to October 2. Following are texts of the remarks and statements made by President Eisenhower, Secretary of the Treasury Robert B. Anderson, Under Secretary of State Douglas Dillon, and Assistant Secretary of the Treasury T. Graydon Upton, together with text of a resolution on the proposed International Development Association.

REMARKS BY PRESIDENT EISENHOWER¹

It is a real privilege and pleasure to extend again to the governors of the International Bank, the International Monetary Fund, and the International Finance Corporation a hearty welcome from the Government and from the people of the United States. We are honored by your presence in our midst, and we anticipate fruitful results from your deliberations here this week.

We in the United States are fully aware that what happens in our economy can have significant effects on the well-being of the rest of the world and that many other countries attach considerable importance to developments in our economic situation.

Happily, our economy today, despite the increasingly heavy impact of the interruption in steel production, is in a healthy condition. In recent visits abroad I could see at firsthand the

heartwarming evidences of a remarkable recovery and expansion in a number of European economies. By the same token, you will see here that the United States economy has long since completed its recovery from the 1957-58 recession and is well advanced into a new period of growth. Although we have our problems, the recent growth of our economy has been of an orderly and balanced sort and we confidently expect this trend to extend at a good rate into the future. We are gratified also that, while recovery was being resumed, the overall level of consumer prices has been relatively stable and that a balanced Federal budget is in prospect for the present fiscal year. These are significant signs of the progress that can be made, if we pursue the right policies, in strengthening the financial bases of our economy and achieving inflation-free economic growth.

But the struggle to achieve these results is never over. We must use all of our forces, especially in fiscal and financial matters, to help keep the American economy sound and to avoid inflation. The same must be done, indeed, in all the world's economies. This is the one sure way to achieve truly dependable advances in human welfare.

It was only 15 years ago that many of the countries represented here today pledged themselves to the creation of cooperative international institutions to deal with basic international financial and economic problems. The result was the establishment of the International Bank and the Monetary Fund, the records of which have been impressive ones. The action recently taken by our Governments to increase the resources of these institu-

¹Made at the opening joint session of the IBRD, IMF, and IFC on Sept. 28 (White House press release).

tions² showed the great confidence there is in them and it should enable them to operate even more effectively in the future than in the past. Three years ago the International Finance Corporation was added to this family of related international financial institutions to assist in financing productive private enterprise.

We are all aware of the general desire throughout the world for economic development and the need for international capital investment. While development is of course a natural and critical concern of the less developed countries, it is important to all others as well. The improved economic position of the industrialized countries provides the means whereby they can better do their part in assisting development elsewhere, both directly and through their participation in international institutions.

Clearly, by such actions, there will result a stronger and more stable free world, to the material benefit of every participating nation, both the helper and the helped.

It is recognized, however, that there are many development projects which, though economically sound, cannot be financed by existing international institutions. To meet this situation the United States Governor of the Bank has proposed the creation of an International Development Association as an affiliate of the Bank.³ It is our belief that this new agency must be closely integrated with the Bank. Thus there will be assured the wise expenditure of its funds and the effective coordination of its activities with other institutions. In our view no other mechanism can perform this task for the free world as well as would the proposed IDA.

I congratulate the Bank, the Fund, and the IFC on their achievements and express my hope for an increasingly significant contribution on their part to the well-being of the world economy. To you, as the governors of these institutions, falls the task of wisely directing policies toward the realization of these common and noble goals.

I express my complete confidence in your readiness and in your ability so to do. Thank you very much indeed.

² BULLETIN of Oct. 5, 1959, p. 488.

³ For excerpts from a report on the proposed IDA by the National Advisory Council on International Monetary and Financial Problems, see *ibid.*, Sept. 14, 1959, p. 392.

FIRST STATEMENT BY MR. ANDERSON⁴

I wish to join, both personally and on behalf of my delegation, in the welcome extended to all of you by the President of the United States. We hope your stay here will be pleasant and that these deliberations, so notably inaugurated, Mr. Chairman [Fernando Berckemeyer, Governor of the Bank and Fund for Peru], by your thoughtful address, will be highly productive.

At last year's meeting, the governors considered the need for both the Bank and the Fund to increase their financial capacity in order to assist more effectively with the problems of economic development and financial and economic stability.⁵ The member countries have acted with dispatch to approve the proposals formulated by the Executive Directors. I am sure that not only the financial response itself but also the clear expression of confidence in the Bank and the Fund will greatly enhance the usefulness of these two institutions in their future operations.

We have seen in recent years intensified efforts in the less developed countries represented here to move ahead economically. The Fund and the Bank, in their respective roles, have done much to help, and as a result of their new resources they will be in a better position to meet appropriate demands on their funds. However, the needs of the less developed countries to attain sound and sustainable growth still further challenge the economic and financial statesmanship which this group, coming here from the many nations of the free world, has shown in the past.

Those of us from the industrial countries have seen impressive gains in our economies. New and higher levels of economic activity have been achieved. This has been reassuring to the United States, since our international activities over many years have been directed toward cooperating in the postwar reconstruction of other industrial countries as well as in helping the efforts of the less developed areas. We welcome the return of these other industrial countries to an economic position where they are capable to an increasing extent of participating, both directly and through international financial institutions, in supplement-

⁴ Made at the opening joint session of the IBRD, IMF, and IFC on Sept. 28. Mr. Anderson is U.S. Governor of the IBRD and IMF.

⁵ BULLETIN of Nov. 17, 1958, p. 793.

ing the basic efforts of the developing countries themselves.

I do not think it appropriate for me to comment on the mechanisms of carrying out direct financial relations between other countries. I would like, however, to say that the very character of development financing requires longer term lending than has been available from many existing national financial institutions.

There is a need, in addition to these direct efforts of each of us, for further joint action by those represented here to help progress of the less developed areas in a way which will not bear heavily on their external payments. I refer to the International Development Association, which is on the agenda of the Bank meeting. You will recall that at last year's meeting, at the direction of President Eisenhower, I stated the view of my Government that an International Development Association as an affiliate of the International Bank warranted serious study. I had no definite course of action to suggest at that time for such an association but expressed the hope that you would all give thought to this matter.

The subsequent informal discussions with many of you and your representatives encouraged my Government to feel that this institution would be both feasible and desirable. As a result of our further study, and greatly aided by the valuable opinions received in our consultations, we have outlined our thoughts on the basic framework of an International Development Association. These ideas were circulated by the President of the Bank to each of you early in August. In forwarding that letter to you, Mr. [Eugene R.] Black expressed his view that such an association could be a valuable supplement to the efforts of the International Bank.

We all realize that there are situations in the less developed countries where a sound project may require financing which cannot be provided under the criteria of our established international lending institutions. It would be unfortunate if we did not help in these situations, where often only a relatively small margin of capital is needed. It would be equally regrettable if, in jointly meeting this responsibility, we set up an organization which competed or conflicted with the operations of our other proven international institutions. It is, therefore, of great importance to accomplish this purpose by establishing the new institution

within the framework of the IBRD. In this manner we will not impair this existing lending institution which can meet the needs of bankable projects. We also want to be sure that we are sufficiently imaginative and resourceful to bring about effective use of two forms of credit and at the same time sufficiently discriminating so that we add to, rather than take from, the capacity of existing sound organizations.

It is equally important that an effort of this nature be made through an institution the membership of which consists of the community of free nations subscribing to the sound monetary policies represented by the IMF and adhering to the belief that the maximum accomplishment of any society can be attained within the framework of free economies. If we can accomplish these objectives, we can make a contribution of lasting benefit to the less developed countries.

We recognize that we are breaking new ground in an international undertaking of this sort. Because it is new we need to approach it with an attitude of flexibility. The Executive Directors of the IBRD have the experience and resourcefulness to develop effective policies, and we can confidently rely on them in their task of carrying out the operations of this new institution.

The proposed International Development Association provides the opportunity for member countries to join together to further economic progress in the less developed areas. The positive effort we will be making through this new institution will be an additional and effective answer to the challenge before us. The need for it is clear. Accordingly, the United States has introduced a resolution asking the Bank's Executive Directors to formulate articles of agreement for the International Development Association after full consideration of all aspects which they deem pertinent. The Executive Directors have more than adequately demonstrated their ability in the past to pursue this kind of task expeditiously. I urge your approval of this resolution when it is presented for action.

SECOND STATEMENT BY MR. ANDERSON*

It was to be expected that the annual report of the Fund would point to evidences that the past

*Made on Sept. 30 during discussion of the annual report of the International Monetary Fund.

year was one of great advance in several important phases of the economy of the free world. The first evidence is the sharp upswing of industrial production in the United States and renewed expansion in other industrial countries. Second, is the continued very substantial growth in gold and foreign exchange reserves of those other industrial countries. Third, is the move to external convertibility, which signaled the end of the postwar period of inconvertibility and its accompanying comprehensive exchange restrictions.

However, the Fund report also calls attention to the less satisfactory experience of many of the less developed countries. I agree fully with the report that the difficult problems with which these countries have had to deal make it all the more to their credit that so many of them have taken steps to introduce or maintain comprehensive stabilization programs. All of our countries, whether industrialized or underdeveloped, face common problems arising out of the pressure of demand on economic resources, and all of us, as financial officials, are engaged in an unending struggle to contain the destructive forces of inflation.

We are glad to note that the Fund has continued to play an important role. The fact that the Fund has been ready and able to assist in the maintenance of convertibility undoubtedly was an important encouragement to the countries which made formal moves during the year. At the same time the Fund has continued to give technical advice and financial support to countries which have been planning or intensifying their stabilization efforts. Use of the Fund's resources by these countries was substantial. For many of them, however, standby arrangements with the Fund were as important or even more important than the actual use of Fund resources.

There is sometimes a tendency to refer to the stabilization programs with which the Fund is associated as if they were something which the Fund devised and sought to impose on one or another member country. I am sure that this view is not held by my fellow governors. The desire to achieve and maintain stability in the economy and a sound currency as the reliable basis for economic development must arise within the country itself. If it does not, and if in consequence this objective does not have the support of all major sectors of public opinion—responsible business and labor leaders, consumers, and public officials—the efforts

of the Fund to extend either technical advice or financial support are unlikely to be successful. I have noted with interest the discussion of this subject which appears at the end of chapter II of the report. For us in the United States Government it is encouraging to observe the effective collaboration between the Fund and a number of the member countries, and I am confident that over the years this alliance between Fund and members in the effort to provide a sound financial basis for economic expansion will be one of the most important activities of the Fund.

A year ago at the meeting in New Delhi I had the pleasure of introducing a resolution looking to an increase in the resources of the Bank and the Fund and the great satisfaction of finding that the resolution met with the unanimous support of the Boards of Governors. Now, a year later, we can note with real pride that the Executive Boards have presented their reports, the governors have virtually unanimously approved the proposed resolutions, and the required percentages of actual participation in the increase in resources have been exceeded. This has been an outstandingly successful international cooperative effort to increase the pool of resources available to the Fund and to increase the capacity of the International Bank to make loans.

This year the United States is proposing consideration of the establishment of the International Development Association as a desirable additional means of providing capital for the economic development of the free world.

In his address the Managing Director of the Fund [Per Jacobsson] has commented on two aspects of Fund policy which are of very real interest to us in the United States Government. One of these, which is also mentioned in the annual report, relates to discrimination in trade and payments. During the first decade after the war, currency inconvertibility was very widespread and, for most of that period, was severe. Under those circumstances it was to be expected that countries would husband their earnings and reserves in convertible currencies. This resulted, of course, in massive discrimination against the countries having convertible currencies, discrimination which extended to imports of goods and to various so-called invisible transactions, such as tourist travel and remittances. Although these discriminatory arrangements affected the trade of

the United States, we concurred in the Fund's policy of sympathetic toleration of them pending the time when inconvertibility would give way to convertibility at least among the major currencies.

This time has come and it has been accompanied by, and in considerable part made possible by, a very substantial improvement in the balance-of-payments positions of the other industrial countries and by large increases in their reserves. In our view the countries which no longer suffer from inconvertibility in their current international receipts do not have any balance-of-payments justification for discriminatory restrictions—that is, there is no reason for these countries to favor imports from nondollar countries over those from dollar countries. We have been very much gratified by the substantial progress which countries have made in reducing and eliminating discriminatory restrictions. But it has to be said that discrimination against the trade of dollar countries is still substantial and that it applies to commodity trade and some other transactions, especially the freedom of tourists to obtain funds to travel wherever they wish. We consider that it is most important for the Fund to declare its position on this matter clearly and forcefully. This would be shown not only by the actions of individual countries but by the Fund itself in the weeks following this annual meeting. This is of particular concern to the collaboration between the Fund and the GATT [General Agreement on Tariffs and Trade].

The Managing Director has mentioned that many countries have reached the point where they soon will no longer need to avail themselves of the transitional privileges of article XIV, which deals with restriction on payments and transfers in international transactions, and will accept the obligations of article VIII. We agree with this view, and we also agree with him that it is time for the Executive Board of the Fund to examine the several important questions of policy connected with article VIII which will need clarification as a guide to the many member countries still operating under article XIV.

U.S. Economic and Financial Developments

I should like now briefly to review some of the economic and financial developments in the United States during the year. The annual report gives considerable attention to the United States, and I

appreciate the objective way in which the developments in my country have been analyzed. We in the United States Government keep always in the forefront of our minds that our economy is a very large one and that what happens here, whether good or bad, is of concern for other countries of the free world. At the same time, however, I agree with the line of analysis in the annual report pointing to the steady strengthening of the European economies in recent years and to the substantial and autonomous economic power and influence of the Western European economy in world affairs.

The main purpose of the United States in the financial and economic field is to maintain a strong and expanding economy on both the domestic and international fronts. Only economic strength can support a steadily rising standard of living for the people of the United States, and only through economic strength can the United States play its proper role in the defense of the free world and in assisting the underdeveloped countries of the world, to whom economic advance is so vital.

To maintain and enlarge the economic strength of the United States we rely on a few main lines of policy. These include, first, a sound fiscal position which will both avoid inflation and meet the very large expenditures at home and abroad which the United States Government must undertake; second, firm and yet flexible monetary policies aimed at achieving and maintaining stable purchasing power for the dollar and an adequate basis for large and growing savings; third, maintenance of competitive private enterprise and high employment opportunities within the framework of sound social and economic policies; fourth, improvement of our technology and production efficiency so that we can expand our markets at home and abroad.

Turning to the balance-of-payments position of the United States, the present situation is this. The excess of exports of United States goods and services over our imports is currently running at the rate of about \$3 billion per year. This excess is not sufficient to meet three large categories of outpayments by the United States which in the aggregate amount to about \$7½ billion a year. There is a difference of roughly \$4½ billion. Some of these outpayments are directly associated with and add to our exports; others bear a much more indirect relationship to our trade. But their

overall effect is to provide foreign countries with substantial net receipts of dollars.

One of these three large outpayments by the United States consists of military expenditures abroad, which have been running over \$3 billion in recent years. The second is net U.S. Government grants, loans, and other capital outflow of about \$2½ billion a year. The third is the outflow of private capital, which amounts to \$2 billion or more per year. Despite heavy demands on our savings at home, reflected by rising interest rates, we are making substantial amounts of these savings available to underdeveloped countries. Moreover, large contributions to the defense of the free world are an important part of the international policy of the United States Government and of all of the free world.

The resulting large payments deficit or difference of about \$4½ billion is accounted for mainly by foreign gains of gold, dollar holdings, and both short- and long-term foreign investments in the United States. It is our hope that this large payments difference will be reduced by increases in our commercial exports of goods and services relative to our imports of them. But, while we will put emphasis on strengthening our capacity to export, we cannot be unmindful of other factors and therefore we will also keep our whole international financial position under review.

The U.S. dollar is a reserve currency. In our modern monetary and exchange systems, the role of a reserve currency is essential, and it is natural that foreign central banks and treasuries as well as private persons and institutions abroad should hold dollars in substantial amounts. This means that while it is, of course, in our own interest to keep the strength of the dollar beyond question, we must also be aware of the interest of other countries which rely on the dollar as a reserve currency.

It is, however, important also to look at the world payments situation as a whole and not at the position of the United States alone. In 1958 the other industrial countries of the free world had a substantial payments surplus not only with the United States but also with the less developed members of our institutions. These surpluses substantially exceeded the long-term financing made available by these countries to the rest of the world. That is to say, their net exports were substantially greater than the financing which they

provided to cover them, resulting in an unusually large addition to liquid holdings of foreign exchange, on both official and private account. A similar situation has continued in 1959. This large excess of exports over the outflow of capital does not represent a satisfactory pattern of world payments and cannot be expected to persist.

Changing World Financial Situation

The passage of time changes circumstances, and these changes continually force upon us all the need to review our policies. Following World War II, when many countries were suffering from the ravages of war and when their foreign exchange reserves were very low, the principal policies of the United States in the foreign financial and economic fields were designed to assist in rebuilding economies and to strengthen currencies. But now there has been a restoration of the relative competitive positions of the other industrial countries of the free world. No longer is the United States the dominant supplier of capital goods and other manufactures. The other industrial countries have improved their own financial positions. This means that there is no longer a justification for the discriminatory practices of the earlier period of their economic and financial weakness. Finally, the changed circumstances of the industrial countries ought to put at rest any unfounded idea that the economic problems of the free world are based either on a shortage of dollars or on a general lack of liquidity.

What we must recognize is that we are confronted today *not* with a dollar shortage but with a capital shortage. The demand for capital is high in all countries, both industrial and underdeveloped. But, on a comparative basis, there is in the underdeveloped countries a strong and pressing demand for long-term funds from countries with high savings to supplement their own savings, so as to accelerate the pace of economic development. This demand for capital need not be satisfied by any one currency but by all convertible and usable currencies. We in the United States will not shirk any part of our responsibility to help in this situation. But I believe that examination of the recent past shows that financing by the United States has exceeded the amount of its net exports of goods and services and that other industrial countries have generally financed less than their exports of goods and services.

There must be a reorientation of the policies of the earlier postwar period and a new determination by all the industrial countries to face the common obligation to share in the task of providing capital to the less developed parts of the free world.

Turning now to the domestic side, I am very glad to be able to report, as does the annual report itself, that the year since we met in New Delhi has been one of continued economic upsurge in the United States. By June, just prior to the steel strike, industrial production had reached 6 percent above the prerecession peak. Gross national product is currently running about \$485 billion per annum compared with \$442 billion in the year before the recession. Moreover, this dramatic and rapid increase in economic activity has been achieved with substantial price stability. Since the beginning of recovery in May 1958, the broad index of wholesale prices has shown no net increase, while consumer prices have risen only 1 percent.

The fiscal position of the United States, which is a major factor in our attempts to stabilize prices, has shown a notable improvement. Following the large deficit of \$12½ billion in the fiscal year ended June 30, 1959, the United States Government has made great efforts to restore a balanced budget in the current fiscal year. My report to you on the state of affairs in the United States would be less optimistic were I not able to state that this objective appears to have been substantially attained. In this achievement we have faced the difficulties common to many countries in the world today, who must postpone or curtail some government expenditures in order that financial stability may be maintained.

The credit and monetary policies of the United States, including our firm policy of maintaining unchanged the present official price of gold, have also been directed toward promoting financial stability in the interest of sustainable economic growth. The present business boom, which has carried production, employment, and incomes to record high levels, has resulted in a rising tide of demand for bank credit from many sources. This has been reflected, of course, in sharp increases in market rates of interest and in appropriate increases in rediscount rates. Yet a large volume of new bank funds has been made available to finance the growing needs of business, as in-

dictated by an increase of \$9½ billion in loans and investments of all banks during the 12 months through August and an increase in the money supply during that period of \$4 billion.

In summary I can say that the outlook for the economy of the United States is good. We have contained the inflationary pressures which were running strong a year ago. Our budget position is sound. The purchasing power of the dollar has held virtually unchanged over the past year. Output and employment and incomes are at record high levels. Expanding world markets provide us an opportunity to increase our exports.

In all these vital matters of fiscal affairs, currency stability, expanding output, and a sound balance of payments, we in the United States Government support the same sound position as do the governments represented around this table. Firm policies and vigilant and energetic execution of those policies are essential. The task of achieving sustainable growth and reasonable currency stability is never completed.

STATEMENT BY MR. DILLON¹

This is, I believe, one of the most important meetings of the governors of the World Bank since the Bretton Woods Conference 15 years ago. We have the privilege of recording a year of outstanding progress, during which member governments have taken action to double the Bank's financial resources. And we have before us an opportunity to broaden further the lending facilities available to the Bank so that it may play its part more effectively in the historic struggle of man against poverty and disease.

In the year that has passed since we met at New Delhi, it has become clear that the period of postwar economic reconstruction has drawn to a close. As a consequence, virtually all of the industrialized part of the free world is now in a position to make resources increasingly available for the purpose of assisting the development of the less developed areas. Of equal or even greater importance is the evidence of a growing determination among the peoples of the industrialized nations to provide these resources in adequate measure. For

¹ Made on Sept. 30 during discussion of the annual report of the World Bank. Mr. Dillon is U.S. Alternate Governor of the IBRD.

all of us recognize, as we must, that, in the imperative struggle for economic development, the preservation of civilization itself—the freedom, dignity, and well-being of the individual—is at stake.

Progress Achieved by World Bank

The notable progress achieved by the Bank over the past 12 months is reflected in the Bank's report and in President Black's remarks to us yesterday [September 29].

Early this year the governors recommended that member countries increase the authorized capital of the Bank by more than 100 percent. By September the legislatures of enough member governments had taken favorable action on this proposal to bring the recommended increase into effect. The swiftness of this response is a remarkable vote of confidence in the soundness of the Bank's operations, as well as a concrete demonstration of the willingness of member countries to assist in the development of the less developed areas.

The Bank has continued in 1959 to maintain the high rate of development lending reached in 1958—more than \$700 million annually—and has broadened the geographical scope of its operations to include three countries in which it had not previously lent—the Republic of Gabon in French Equatorial Africa, Malaya, and Sudan. The Bank's bonds have gained even wider public acceptance: public offerings made for the first time in Germany and Belgium were heavily oversubscribed. The Bank has also successfully intensified its efforts to associate private lending with its operations, both through the sale of a portion of its portfolio to private investors and through "joint operations" in which borrowers draw capital from the Bank and the private capital market at the same time and often for the same project. The Bank has increased its technical assistance to member countries. And it has cooperated with the United Nations Special Fund and the European Investment Bank in their early operations.

For all of these accomplishments, we may compliment the Bank's management and staff and express the hope that they will continue to give vigorous and inspired leadership to the chief international lending institution of the free world.

I am sure we can all join with our chairman in congratulating the Bank's members on this 10th anniversary of the presidency of Eugene Black.

The high standing of the Bank today is in no small measure a personal tribute to President Black, whose outstanding leadership over the past 10 years is a matter of universal acknowledgment.

I think we may appropriately in this forum also extend our thanks to the Managing Director of the International Monetary Fund, Per Jacobsson, for the good work of the Fund during his tenure of office in contributing to the basic economic health of the less developed areas and hence to their economic development.

At New Delhi last year I welcomed on behalf of the United States the efforts of the Bank's management to help arrange an equitable division of the waters of the Indus Basin between India and Pakistan. Thanks to these good offices, negotiations have progressed to the point where ultimate success now appears to be in sight. Accordingly, the Government of the United States has informed the Bank that it is prepared to consider participation in financial assistance to the Indus waters project, subject to agreement between the countries and to the availability of congressional appropriations.

Also during the past year the United States, in a further expression of the historic relations among the American Republics, has joined in drafting the charter of the Inter-American Development Bank, which we anticipate will begin operations early in the new year.⁸ It will assist the Latin American countries with their development efforts and help to provide the developmental capital they require. We look forward to cooperative working relationships between the Inter-American Development Bank and the World Bank, as well as with our own national lending agencies.

With few exceptions the industrialized countries have been successful in achieving financial and monetary stability. However, many of the less developed countries have continued to be faced by serious inflation. Certain of these countries have courageously attacked the problem with broad stabilization measures, in which they were aided by substantial financial support from the International Monetary Fund and from individual member countries, including the United States. It has been our observation that a very significant factor in the success of these stabiliza-

⁸ BULLETIN of June 8, 1959, p. 849.

tion programs is the degree to which domestic economic development efforts are soundly conceived and efficiently administered. Here is an area in which the World Bank can and should play an increasingly active and useful role. Accordingly, we would welcome action both by the Bank and borrowing countries so that the Bank's services would be more widely utilized than heretofore in this respect.

International Development Association

President Eisenhower and Secretary Anderson, in their welcoming addresses, have already stated on behalf of the United States our desire to see established, as an affiliate of the Bank, an International Development Association. As all of you know, the United States has provided member governments with an outline setting forth our ideas regarding the desirable structure, capitalization, and other aspects of this proposed new institution. I will not repeat these ideas here. They will in any case be discussed by the Executive Directors who, in formulating their recommendations, are being asked to take into account the views of all member governments. I would, however, like to make certain additional observations on the anticipated role of the IDA in the international lending field.

As we examine the formidable problems which face the less developed countries in overcoming the difficult economic conditions in which so many hundreds of millions of their people live today, we cannot help but be struck by this inescapable fact: If these countries are to be successful in their efforts, they must have access to capital from the industrialized countries over and above that which can be safely lent to them on normal banking terms or provided by private enterprise. The Bank itself has had to turn down many desirable development projects which could fully meet its technical requirements because, as a borrower in the private capital market, its loans must invariably meet high financial standards. The IDA is designed to assist the Bank in meeting this problem by providing funds contributed by member governments which can be lent on flexible terms, including repayment in whole or in part in the currency of the borrower. The availability of even a marginal amount of such funds may often mean the difference between success or failure of a worthwhile project.

I would like to invite special attention to one aspect of the proposal we have put forward for an IDA. This is the suggestion that the IDA might use, in conjunction with its loans of convertible currencies, a certain amount of the so-called "local currencies" which have accumulated under our Agricultural Trade Development and Assistance Act, known popularly as P.L. 480. Any amounts of these currencies made available to the IDA would, of course, be over and above the capital subscription of the United States. Our thought is that such currencies might be used to meet the local costs of some of the projects financed by the IDA or, in appropriate cases, to pay for items related to IDA development projects which are to be imported from a country whose local currency is involved. The total amount of such local currencies which might be helpful to the IDA is difficult to estimate since there are recognized limitations on their uses. In any event deposits of local currencies would be made to the account of the IDA only after full agreement among the IDA, the United States, and the country whose local currency would be released to the IDA.

The IDA is a new concept in international lending institutions. It is important, therefore, that the charter of the IDA leave a substantial measure of discretion to the institution itself to determine how its funds can best be spent and on what terms. We would expect that the high technical standards of the World Bank would apply to loans made by the IDA. However, it may be appropriate in some circumstances for the IDA to consider, for example, financing pilot projects in some fields of social overhead of a type which contribute to productivity and development but which are not financed by the World Bank. This is an area in which expenditures in the currency of the borrower are likely to be required, and this could be one of the uses of the local currencies I mentioned earlier. In developing the pattern of its operations, we would expect the IDA to maintain the closest working relationships with the representatives of the less developed countries so as to insure that its efforts will be directed to meeting the most important development needs in the best ways possible. Finally, we look upon the IDA as a proposal to increase the total flow of development capital to the less developed areas and not as a substitute

for bilateral assistance from the industrialized countries.

It is our strong hope that the concept of the IDA will commend itself to the members of the Bank and that at our present annual meeting the governors of the Bank will take action to authorize the Executive Directors to undertake the preparation of articles of agreement. This would be accomplished by adoption of the resolution which the United States has introduced in the Procedures Committee.

In his statement to the International Monetary Fund, Secretary Anderson has commented on the international payments position of the United States. This position of large deficits during the past 18 months has, of course, been matched by large surpluses elsewhere in the world, surpluses which have been heavily concentrated in the other industrialized countries whose reserves of gold and foreign exchange have steadily increased.

An important element in this situation has been the fact that the increase in the capacity of other industrialized countries to export to the less developed areas has not as yet been accompanied by a comparable increase in their exports of capital to these areas, whereas the United States has continued to maintain a large outflow of capital to these areas for both development and assistance purposes. As a result, the United States has continued to provide financing for imports into the less developed areas from other industrialized countries which many of the latter are now in a position to finance themselves.

The logic of the situation is, I think, clear, and we would hope that other industrialized countries in a position to do so will find methods of increasing their long-term development assistance to countries in need of capital. Through efforts of this kind we should be able both to meet in larger measure the needs of the less developed areas and contribute to better balance in world trade and payments.

In closing, I wish to take note of the addition to our membership of Laos and Portugal, to which we extend a warm welcome.

STATEMENT BY MR. UPTON*

In his annual report the President of the Corporation has succinctly stated the concept which has been central to the entire development of the

IFC, that is, the importance of private enterprise and its vital role in the economic growth of the less developed nations. The development of my own country and that of the other industrialized countries of the free world is testimony to the soundness of this age-old principle. In an era in which the continued existence of governments emphasizing the freedom and dignity of the individual may significantly depend on the vitality of individual motivation which such governments inspire, we do well to reaffirm our conviction in the dynamic concept of private enterprise. The existence of the Corporation is itself an indication of our mutual judgment that the creative forces involved in private undertakings are a vital factor in growth and development. It is therefore a reassuring confirmation of our ideas that private enterprise has participated in the Corporation's projects with an amount of risk capital more than triple the sums invested by the Corporation itself.

There is much concrete activity we can welcome in the 12-month period covered by the report before us. President [Robert L.] Garner has suggested that the best measure of IFC's usefulness should be the number of enterprises which it helps to finance and the volume of private capital participating in the financing, rather than the absolute amount of IFC funds invested. By either of these measures the year ended June 30, 1959, was one of significant activity. The number of enterprises to which commitments for financing were extended rose from 9 to 21. These enterprises were located in 11 countries around the world, more than double the number of countries in which IFC had invested a year ago. The latter fact is of special significance because of what might be called the "demonstration impact" of the Corporation's first project in a country. That is, the first investment frequently results in other projects in the country or neighboring countries being quickly brought to the Corporation.

By the more conventional criterion of total funds invested, the Corporation has also made commendable progress. The level of net commitments rose during the year from \$9.5 million to \$19.8 million, and a substantial number of new projects are under consideration. We may reasonably anticipate, therefore, that the recent accelerated rate at which

* Made on Sept. 30 during discussion of the annual report of the International Finance Corporation. Mr. Upton is U.S. Temporary Alternate Governor of the IFC.

the Corporation is investing will continue to gain momentum. I think we can all subscribe to the hope that in the not too distant future the President will be able to inform us that the bulk of the Corporation's assets have been put to work in productive investments in member countries.

Certainly it is not too early to give serious thought to the problem of developing channels through which the Corporation's assets can be made to revolve. Some of the investments in its portfolio should, with some additional seasoning, begin to be attractive items to potential purchasers. In this connection an important development is that the Corporation has been able to secure participation by private financial institutions in several of its investments. The relationships which the Corporation is developing with these financial institutions will be of great value, not only as an additional source of funds to the borrowers from the Corporation, but also to the Corporation itself as a possible future market for sales from its portfolio.

In noting the progress of the past year let us not, however, be complacent about the magnitude of the task ahead. Additional techniques remain to be worked out which will make the resources of the Corporation available in the less developed countries to private business enterprises which might seem small by the standards of many advanced countries. An important job of explaining the functions and policies of the Corporation in countries where no IFC investments have yet been made is still to be accomplished, even though determined efforts have already been put forward in that direction.

After building a sound foundation the IFC is now moving forward with rapidly increasing momentum. I extend to the Corporation our congratulations and our best wishes for accelerated progress in its chosen field of stimulating investment in private enterprises.

RESOLUTION ON INTERNATIONAL DEVELOPMENT ASSOCIATION¹⁰

RESOLVED:

That with respect to the question of creating an International Development Association as an affiliate of the Bank, the Executive Directors, having regard to the views

expressed by the Governors and considering the broad principles on which such an Association should be established and all other aspects of the matter, are requested to formulate articles of agreement of such an Association for submission to the member Governments of the Bank.

United States and Italy Reaffirm Their Close Ties

Antonio Segni, President of the Council of Ministers of the Italian Republic, and Giuseppe Pella, Minister of Foreign Affairs, made an official visit to Washington September 30 to October 3 and then spent 2 days at New York before their departure for Italy on October 4. Following are texts of two joint communiques released after their talks with President Eisenhower and Secretary Herter, together with an exchange of greetings at the Washington National Airport upon their arrival and a list of the members of the official party.

JOINT COMMUNIQUE, SEPTEMBER 30

White House press release dated September 30

The President of the United States, the President of the Council of Ministers of the Italian Republic, the Minister of Foreign Affairs of the Italian Republic and the Secretary of State met at the White House today and held two intensive discussions covering a wide range of subjects which are of mutual concern and interest to their two countries. The talks took place in a spirit of close friendship and mutual comprehension and were characterized by their frankness and their fullness.

In amplification of their meeting in Paris on September 3,¹ the President and the Prime Minister reviewed in detail the current world situation. They discussed the developments of the recent visit to the United States of the Chairman of the Council of Ministers of the U.S.S.R. and agreed that this exchange of views has proved useful in the cause of peace.

The President and the Prime Minister and the Minister of Foreign Affairs and the Secretary of State restated their belief that all possible efforts should continue to be made to achieve a reduction of armaments throughout the world, within a framework of adequate controls and safeguards.

¹⁰ Adopted by the governors of the IBRD on Oct. 1.

¹ BULLETIN of Sept. 21, 1959, p. 412.

The President expressed his gratification for the inclusion of Italy in the Committee of the Ten Powers which at the beginning of next year will handle the vital problem of disarmament.² He stressed the contribution which Italy may be expected to make in this field and added that the United States Government will continue its support of Italian participation in the discussions of major world problems.

The President and the Prime Minister reaffirmed the dedication of their two countries to the United Nations, and to the principles on which it was founded. They also agreed that the present international situation does not yet permit relaxation in Western defense efforts. They reiterated their firm conviction that the combined strength and coordinated action of the free and sovereign countries in the North Atlantic Alliance are vitally necessary to assure peace and security and to protect the right of their people to live in freedom under Governments of their own choosing. They declared that the North Atlantic Alliance will remain the cornerstone of their foreign policies.

The President and the Secretary of State expressed the full recognition of the United States for the contribution which Italy is making in the development of closer political and economic association between the countries of Europe, and reaffirmed the support of the United States for such a policy.

The President and the Prime Minister also discussed the principles which guide the cooperative efforts of the free nations in their programs for assistance to the underdeveloped countries.

JOINT COMMUNIQUE, OCTOBER 2

Press release 695 dated October 2

Following the two meetings which were held on September 30 between the President of the United States, the President of the Council of Ministers of the Italian Republic, the Minister of Foreign Affairs of the Italian Republic and the Secretary of State of the United States, further intensive and detailed discussions have been carried on at the Department of State between the Prime Minister, Foreign Minister Pella and the Secretary of State. These talks have been conducted in an atmosphere of great cordiality and understanding.

² For background, see *ibid.*, Sept. 28, 1959, p. 438.

The Prime Minister, the Foreign Minister and the Secretary of State reviewed in their meetings of two days all the important issues of concern to both Italy and the United States. They reaffirmed that the relations between the United States and Italy are based on mutual respect, friendship and confidence and that at the present time there are no bilateral problems of major significance between them.

The Prime Minister, the Foreign Minister and the Secretary of State considered at length the need for international cooperation to accelerate and coordinate the economic growth of the underdeveloped countries. They agreed that all appropriate ways and means should be sought to achieve this end.

The Prime Minister, the Foreign Minister and the Secretary of State reviewed in further detail the recent visit to the United States of the Chairman of the Council of Ministers of the U.S.S.R. They also discussed in detail the question of Berlin.

The Prime Minister, the Foreign Minister and the Secretary of State confirmed that complete understanding exists between Italy and the United States on the vital and defensive role which the North Atlantic Alliance has played and will continue to play in assuring the peace and security of the free and independent states. They recognized that in its search for peace, the West must remain united and vigilant.

They agreed in supporting the development of ever closer economic and political association between the countries of the European Economic Community. The Secretary of State concurred in Italy's views concerning this association.

The Prime Minister, the Foreign Minister and the Secretary of State reaffirmed the strong desire of their two countries to seek a reduction in the world burden of armaments. They agreed, however, that such a reduction can only be achieved with adequate safeguards and controls.

The Prime Minister, the Foreign Minister and the Secretary of State expressed full satisfaction at the results of these discussions. They reaffirmed that these personal consultations are of paramount value to their two countries.

The President and the Prime Minister noted with particular satisfaction the opportunity afforded by this visit to carry on the consultations which are a continuing and regular process in

the close relations happily existing between the United States and Italy.

The Prime Minister and the Foreign Minister will continue their discussions with the Secretary of State and other senior officials of the United States Government.

EXCHANGE OF GREETINGS

Press release 688 dated September 30

Vice President Nixon

Mr. Prime Minister, Mr. Foreign Minister, and members of your party, we are very honored that you have paid this visit to our country. May I say that we cannot control our weather, but I think the weather that we have gives me an opportunity to indicate the present nature of the relations between our two countries. The weather is turbulent, gloomy, and threatening, but we are happy to say that the relations between Italy and the United States are warm, friendly, and hopeful. We know that the conversations you will have with our President and with other representatives of our Government will contribute not only to closer relations between our two countries but also to the development of policies which will bring peace and prosperity for all the peoples of the world. In these critical times it is vastly important that we recognize that the solution of our problems requires the best thinking of all the leaders of the world. And for that reason we deeply appreciate your coming to us and sharing your experience and your counsel with our leaders.

Prime Minister Segni

I am very happy to return to the United States after so many years to have this opportunity to meet with the President of the United States and high officials of the American Government and those who direct policies of this great, friendly, and allied nation.

The bonds of old friendship which unite Italy and the United States form a solid and broad

basis for reciprocal understanding. On such a basis it will certainly be very easy for us to discuss the problems of a political, economic, and social nature which are of interest to both countries and those of broader scope which refer to maintaining world peace. Our relations are excellent. It is our intention to make the present fruitful collaboration which exists between our two countries ever closer and more effective in the service of peace with security, with freedom, and with justice. We are certain that in so doing we will have the warmth and support of the friendship of the American people.

MEMBERS OF OFFICIAL PARTY

The Department of State announced on September 28 (press release 679) that the following persons would accompany the President of the Council of Ministers of the Italian Republic and Mrs. Segni during their visit in the United States:

Giuseppe Pella, Minister of Foreign Affairs
Manlio Brosio, Ambassador of Italy
Mrs. Brosio
Carlo Alberto Straneo, Director General for Political Affairs, Ministry of Foreign Affairs
Federico Sensi, Director, International Relations Section of the Prime Minister's Secretariat
Alberto Jezzi, Press Officer, Ministry of Foreign Affairs
Paolo Molajoni, Vice Chief of Cabinet, Ministry of Foreign Affairs
Comdr. Emanuele Cossetto, Press Attaché, Prime Minister's Secretariat
Mario Costa, the Prime Minister's private secretary
Giuseppe Giunghi, personal physician to the Prime Minister
James David Zellerbach, American Ambassador to the Italian Republic
Mrs. Zellerbach
Wiley T. Buchanan, Jr., Chief of Protocol of the United States
Mrs. Buchanan
Clement E. Conger, Deputy Chief of Protocol
Robert McCloskey, press officer, Department of State
Lt. Col. Vernon A. Walters, American interpreter
Mrs. Sydney Mellen, interpreter, Department of State
John DiSciullo, interpreter, Department of State
Paul Cassidy, Security Officer, Department of State

Reflections on the Khrushchev Visit

by Andrew H. Berding

Assistant Secretary for Public Affairs¹

This is a time of many important visits by chiefs of state and heads of government to Washington.

We are proud to have with us now the Prime Minister of Italy, Antonio Segni, and the Foreign Minister, Giuseppe Pella,² both of whom I had the pleasure of knowing during the early Marshall plan days in Italy. His conference yesterday with President Eisenhower is in the tradition of the ever stronger influence of Italy in foreign affairs. Testimony to this is the fact that Italy is one of the members of the 10-nation committee which will engage in vital disarmament negotiations some time after the beginning of the year.³ Italy's strategic position in the Mediterranean, her sense of cooperation, the energy, industry, and ingeniousness of her people, justify Italian participation in the discussions of major world problems. Our own relations with Italy are close and constructive. Prime Minister Segni's visit will solidify them still more.

Later this month Washington will receive the welcome visit of President Lopez Mateos of Mexico, to strengthen still further the friendship between our two countries. Toward the end of the month we shall cordially greet the President of the newest country on earth—Sekou Touré of Guinea.

But without doubt the most important state visit of recent times ended 4 days ago, when Chairman Khrushchev winged out over the Atlantic to return to Moscow.⁴

¹ Address made before the League of Republican Women of the District of Columbia at Washington, D.C., on Oct. 1 (press release 692).

² See p. 541.

³ For background, see BULLETIN of Sept. 28, 1959, p. 438.

⁴ *Ibid.*, Oct. 12, 1959, p. 499.

Value of Visit and Talks

Now it may be of interest to draw a few conclusions and make a few comments on this visit by one of the outstanding personalities of our time.

To begin with, the visit, without question, was a plus. It was a plus in both its aspects—first, the trip itself in the United States; second, the talks with President Eisenhower. During these talks I had the honor of being at Camp David and Gettysburg.

As to the visit, Chairman Khrushchev certainly got a better, clearer idea of America and Americans than he had had before. He saw the strength of our economy, the high living standards, the freedom of expression, the diversity of our people. He finally admitted that people could live very well indeed under what he calls capitalism. He also recognized that our Government and our people are virtually as one when it comes to foreign policy. He acknowledged that Americans generally want peace. He recognized that only 10 percent of our gross national product goes into armaments as compared with a much larger percentage in the Soviet Union and that therefore it is illogical to think that our people are afraid that disarmament would bring economic collapse. This should help to remove from the pages of *Pravda* the specter of American capitalists evilly conniving at war in order to increase their profits.

As to the talks, they led, among other things, to the lifting of the threat on Berlin. This was confirmed in the statement day before yesterday [September 29] by Chairman Khrushchev. They also led to certain agreements, such as those on the resumption of negotiations to settle the Soviet lend-lease debt and a considerable expansion of exchanges of persons and information. To use the expression in yesterday's communique on the

President's meeting with Prime Minister Segni, "this exchange of views has proved useful in the cause of peace."

Perhaps the most important gain from the talks is the intangible one—the establishment of personal contact between the President of the United States and the Chairman of the Council of Ministers of the Soviet Union. The last time the President saw Chairman Khrushchev was at the summit conference in 1955. But then the chief Soviet representative, in rank at least, was Mr. [Nikolai] Bulganin, and there were two other heads of government present. This time the President and the Chairman were together for many hours, either alone with the interpreters or with Secretary Herter, Foreign Minister [Andrei] Gromyko, and others.

They had a good opportunity this time to exchange views and to get an estimate of each other's thinking and way of thinking. They had a good chance to evaluate each other's personality.

Their conversations, whether private or in a larger group, were conducted quietly and objectively. Neither one hesitated to put forward his position directly and cogently. The overall tone was good.

Question of Berlin

There is one very revealing index of the relationship achieved. This relates to the unwritten agreement the President and the Chairman reached with regard to the fact that the reopened negotiations on Berlin, while not to be prolonged indefinitely, would not have a fixed time limit on them. Although this language was not in the communique, the President and Mr. Khrushchev agreed that the President would make a statement using this language and then Mr. Khrushchev would make a statement confirming it.

This procedure was faithfully carried out without delay. The agreement itself was perhaps the most important development at Camp David.

A large portion of the conversations between the President and the Chairman was devoted to the Berlin question.

As the President indicated at his press conference on Monday [September 28], the situation of West Berlin is unnatural. How could it be otherwise when you have a city divided into two parts, with one part under one economic system, the other under another, and with the western part

of the city, with all its thinking oriented toward the west, lying 110 miles inside the territory of East Germany? Some conclusions have been drawn that, because the President recognized the extraordinary nature of this situation, we would rush headlong to settle it and thereby sacrifice Western interests in West Berlin. Nothing could be farther from the truth.

We remain convinced that the problem of Berlin can best be resolved by the reunification of Germany. Until this reunification takes place, we have certain rights and obligations arising from our military victory in World War II. Among these are the right to maintain military forces in the sectors of Berlin allotted to the Western Allies after the war and the obligation to protect the right of the people of West Berlin to live in freedom under the social system they choose for themselves. We hope that Mr. Khrushchev's confirmation that no time limit is to be placed upon negotiations leading toward a more stable arrangement in Berlin will provide a better atmosphere for a reasonable approach to this problem.

While Mr. Khrushchev's visit here, and his talks with President Eisenhower, certainly improved the atmosphere in which Soviet relations with the United States and the free world are conducted, they also made it clear once more that there are great differences between us. Those differences remain. Most importantly, the Soviet Premier took every occasion to tell us in his inimitable fashion, and to demonstrate to us by his actions, that he and his comrades in the leadership of the Soviet Communist Party have no intention whatsoever of withdrawing, or retreating from, their basic challenge to us and to the system of freedom by which we govern ourselves. I feel that Mr. Khrushchev's trip produced an increased awareness on the part of the American people of the profound nature of this challenge.

U.S. Adherence to Principle of Peace With Justice

On several occasions Chairman Khrushchev stated in essence that, although the President and the great majority of Americans want peace with the Soviet Union, there are certain groups and individuals in the United States working against peace.

It is, of course, obvious and desirable that in a free society there should be diversity of views. And naturally there is a diversity of views in the

United States as to Mr. Khrushchev himself, the results of his trip, and our policy toward the Soviet Union.

But I think I can categorically say this: No American in his right mind wants war with the Soviet Union. All Americans without exception, from the President on down, want peace with the Soviet Union. We are intelligent enough to know that, with modern weapons, in a new war there would be no victors, only victims.

At the same time we will not deviate from our principles. The peace we seek to maintain must be an honorable peace, based on justice. We will not barter away the freedom of other people, such as the more than 2 million men, women, and children of West Berlin.

We also want—sincerely want—an end to the cold war. I believe this is true of all Americans. We should infinitely prefer to discard all manifestations of cold war and live in real friendship with the Soviet people. We want such friendship. This is as true today as it was on June 26, 1951, when the American people said through their Congress in a joint resolution that “the Congress of the United States reaffirms the historic and abiding friendship of the American people for all other peoples and declares—that the American people deeply regret the artificial barriers which separate them from the peoples of the Union of Soviet Socialist Republics, . . . and that, although they are firmly determined to defend their freedom and security, the American people . . . invite the peoples of the Soviet Union to cooperate in a spirit of friendship. . . .” And we believe the Soviet people want such friendship.

Mr. Khrushchev sought during his trip to sell to the American people the idea of peaceful coexistence. This phrase “peaceful coexistence” has a beguiling appearance, and at first glance everyone ought to be in favor of it. Many people in many parts of the world have, in fact, indicated their acceptance of it.

As we understand the Soviet definition of “peaceful coexistence,” it means a peaceful living together side by side of the Communist bloc and the free world.

If that is what they mean by it, we have to say at once, “That is not good enough.” In the first place, we do not feel that the world should be divided into blocs, even though they coexist in peace. We believe that nations should be truly

independent and that nations, rather than blocs, should be at peace one with another.

Second, coexistence is a bare-bones, negative state of affairs. Just as human beings do not solely coexist but live and cooperate for their mutual development, so nations should not solely coexist but live and cooperate for their mutual development.

Acceptance of peaceful coexistence has the effect of solidifying the *status quo*, with the Soviet Union dominating the Communist bloc. We do not wish to contribute to the perpetuation of this *status quo*.

And so, as to “peaceful coexistence,” our policy is, “We need something better than peaceful coexistence, something more in keeping with the aspirations of mankind.”

Soviet Economic Competition Welcomed

Chairman Khrushchev repeatedly challenged us to competition in production, saying that the Soviet Union would overtake us by 1970. We are not afraid of this competition. We welcome it, if it means bettering the condition of the people of the Soviet Union.

Yet I cannot help but draw the conclusion that what Chairman Khrushchev saw of the economic way of life in this country—the manifestly high standard of living of our people and the vitality of our economy—has weakened if not destroyed his expressed conviction that the Soviet Union would overtake us by 1970.

He may proclaim this more, but he believes it less.

U.S. Spiritual Values Unchallenged

There was one challenge that Chairman Khrushchev did not deliver, and that was in the field of spiritual values, human dignity, and human freedom.

I think that, if you carefully read Mr. Khrushchev's speeches and off-the-cuff comments, you will be struck, as I have been, by an emphasis that is deeply materialistic, to the exclusion of almost everything else. Even his references to the Bible were in this vein. He cited quotations and passages from the Scriptures in the spirit of one who is determined to use any text which will support his purpose.

I could wish that he understood better the importance which we in this country ascribe to the

text: "Man does not live by bread alone." For in this idea resides a great deal of the essence of America. We Americans recognize that all men, everywhere, are linked by bonds which transcend the fates and fortunes of any individual or any isolated group. We reject the idea that the mere satisfaction of material needs, a competition in which one group surpasses another or a struggle in which one group strives to impose its will on another, is the be-all and end-all of human existence.

If Mr. Khrushchev correctly understood our devotion to these ideas, he would understand that we are motivated not by a desire to oppose the legitimate aspirations of any other nation but by the belief that only a harmonious and peaceful adjustment of interests, only honest cooperation on every level of human endeavor, can assure the

peace we all are seeking. He would know that that pursuit must not be confined to the attainment of purely material goals but must go beyond that to the striving for a meeting of minds which will enrich the lives and work of all men.

If Mr. Khrushchev wishes to continue his references to the Bible, we can recommend to him the passages on the great Christian virtues of faith, hope, and charity. Certainly he will find that the American people will meet him more than halfway with regard to hope and charity. However, it is now up to Mr. Khrushchev to provide a firm basis for the development of faith in the possibility of good relations with the Soviet Union. If the Soviet Government wishes to undertake the deeds that would provide a firm basis for such faith, it will find a receptive audience in the United States.

Under Secretary Dillon's News Conference of September 30

Press release 687 dated September 30

Assistant Secretary Berding: I wanted to state the purpose of the press conference today, and I want to do that by reading the announcement we made yesterday, which gave you in advance the limitations on this press conference.

"You will recall that at his news conference yesterday [September 28] the President referred questions concerning U.S.-Soviet trade relations arising out of Chairman Khrushchev's visit to Under Secretary of State Douglas Dillon. As a consequence, Mr. Dillon will hold a news conference tomorrow—that is today—"in the Department of State's auditorium. The conference will be confined strictly to U.S.-Soviet trade relations and related matters."¹

Now, we will also follow the usual rules for the Secretary's press conference here. We would request no correspondents to leave the room until after the conference is over, and, as for direct quotes, we would request you to wait until the transcript is out, which we will try to get as fast

as possible, with the exception of the short opening statement that the Under Secretary will have and that will be available in mimeographed form as soon as this conference is over.

Mr. Dillon has an appointment at a quarter to one; so we would hope to end this in about a half hour. We postponed this 45 minutes because some of you wanted also to be in on the arrival of President Segni of Italy.²

Mr. Secretary.

Under Secretary Dillon: I am glad to answer questions, but before starting we have a brief statement, which merely summarizes what happened at Camp David and says:

The discussions were general in nature, and the only specific agreement reached was an agreement to resume negotiations on a lend-lease settlement. We pointed out that an agreement on this issue would provide a better atmosphere and would facilitate efforts to remove the remaining barriers to a full and free flow of peaceful trade.

That statement³ will be distributed when the

¹ See p. 541.

² Also released separately as press release 683 dated Sept. 30.

³ The announcement was read to news correspondents on Sept. 29 by Lincoln White, chief of the News Division.

meeting is over, and I will now be glad to answer questions.

Q. Mr. Secretary, a year ago, when Mr. Khrushchev wrote the President asking for American Government credits for trade, the President's answer on that particular point was negative.⁴ Did the President give him any more encouragement at Camp David?

A. Mr. Khrushchev made it very clear at Camp David that he was not asking for credits and that the Soviet Union did not need credits. However, he pointed out that private credits were available to the Soviet Union from practically all the other countries of the free world and he hoped that a similar situation might develop here which would remove what he felt was a discriminatory situation. He wants to get rid of that, and he said he was thinking of some time in the future, if there was an opportunity for large orders of machinery or things of that nature, that could for economic reasons only be carried out through credit, because the Soviet didn't have at the moment enough exports of the type that we were particularly interested in to make an even exchange.

The Johnson Act

Q. Mr. Secretary, would a change in the law be necessary to permit them to get credits?

A. The Johnson Act, which was passed in 1934, prohibits credits to any country that is in default on its debts to the United States. That was alleviated for countries which have become members of the World Bank and Monetary Fund—which the Soviet Union is not—so a change in that law would be necessary.

Q. Even though the Soviets might clean up their obligations to the United States, would it still be necessary to change the law?

A. If they clear up all their obligations, no. Theoretically, no change would be needed, but chances are that in practice there would have to be a change in the law if credits are to become legal.

Q. Mr. Secretary, is the administration pre-

⁴ For texts of Chairman Khrushchev's letter and President Eisenhower's reply, see BULLETIN of Aug. 4, 1958, p. 200.

pared to recommend to Congress the repeal of the Johnson Act in the next session?

A. We have taken no such decision. I would, however, think that a solid agreement on a lend-lease settlement, whereby the Soviet Union agreed to make payments which would have to be substantial in terms of the present Soviet trade with the United States—which isn't very large—would be a reason for trying to increase by all normal means a flow of free, peaceful trade. And it might be that in this context—it might well be that we would feel it reasonable to free private companies to make such credit arrangements as they felt they wanted to make with the Soviet Union.

Q. Did you gather, Mr. Secretary, in your discussions at Camp David, that they were sincerely interested in reaching a substantial agreement on a lend-lease settlement?

A. We gathered this: Mr. Khrushchev is substantially interested in removing what he thinks are the discriminations in our present trade relations—and such discriminations do exist, because the Soviet Union is specifically not granted most-favored-nation treatment. There is also specific legislation prohibiting the import of some Soviet furs.

We pointed out that any change would require congressional action and that therefore it was inevitably tied in with the whole state of our relations with the Soviet Union and with public opinion. And we further pointed out to Mr. Khrushchev, as I mentioned in my opening statement, that an agreement on lend-lease that was mutually acceptable, that we thought was a fair agreement, would certainly help to create a better atmosphere and therefore we hoped we could work toward one, and Mr. Khrushchev said: "Of course, we'd be glad to." So, whether when we start our negotiations they'll really try to reach a fair agreement, one that we both can agree to, remains to be seen. But certainly we are glad to make the attempt.

Q. Mr. Secretary, does the Johnson Act affect private credits?

A. Yes, it affects private credits.

Q. As well as Government?

A. Yes. [That is, the Johnson Act affects private credits, and other provisions of law affect public credits.]

Q. What is the position of prerevolutionary debts to the United States—Kerensky and czarist?

A. The prerevolutionary debts that come under the Johnson Act are, as I understand it, only from the Provisional Russian Government—which I suppose would be the Kerensky regime—and I think the figure is something like 180 million, plus interest.

Q. Mr. Secretary, when do you anticipate these negotiations on lend-lease to begin?

A. On lend-lease, the decision was that we would arrange a time and place through diplomatic channels. We have to do a little clearing of our own decks, but I think that we would be talking with the Soviet Embassy in the relatively near future to see if we can set a date. We hope that it could start within the next month or two.

Q. Mr. Secretary, were the patent and copyright conventions discussed at all?

A. Yes, without any great deal of progress. I pointed out to Mr. Khrushchev that, in dealing with our private companies, the question that they seemed almost more interested in than any other—when it came to new processes, new machinery, things of that nature—were patent arrangements, royalty arrangements, that sort of thing, and that some sort of understanding would greatly facilitate an increased flow of trade because it would make the private companies more ready to trade. Mr. Khrushchev seemed to feel that this could best be handled by direct negotiations in each instance between the Soviet Government and the private companies. We told them that if they wished to do so that was, of course, their choice. We merely pointed out they would have a much more difficult time in negotiations with companies and increasing trade if there was no such convention.

Question of Expansion of Trade

Q. Mr. Secretary, assuming that lend-lease negotiations start in a reasonable time and go along reasonably, what if any expansion of Soviet-American trade could be done in the interim between now and a possible change of laws?

A. Well, we feel that there is a large area for an increase in trade now. I think there is a general feeling that trade is limited, as far as our exports are concerned, to a much greater extent than

it really is. We have, for instance, given the Soviets in the past year technology on four or five different processes for making artificial fiber that they were interested in. I assume that, if they wanted to buy the machinery to go with that technology, we would be glad to sell it to them. They never have asked to. So the real problem on a rapid growth of trade is more the other half of the two-way trade. There is not a great deal in the way of Soviet products which we know to be available, or the Soviets are willing to make available, that are things we need or are not already getting under very satisfactory arrangements from such countries as Canada, Turkey, India, et cetera.

Q. Was there any discussion at all of the strategic control list? Did he bring it up?

A. That was never mentioned. We talked on the basis of peaceful trade, and I pointed out, as I have just done, that there may have been some misunderstanding, that there was a broad field available, and that many of the things which the Soviet Union had indicated it was interested in purchasing were available to them.

Q. Mr. Secretary, did I understand you to say, in answer to the first question, that Mr. Khrushchev said he did not want credits from the United States, on the contrary?

A. He said he was not asking for credits from the United States and would not ask for credits, because that would be contrary to the dignity of the Soviet Union, that they did not need credits, and I think that is correct. The plans for their 7-year plan, I am sure, are not based on getting credits from the United States.

Q. But then at a later stage you said something about the possibilities of credits being required for economic reasons. What is the hard fact with respect to credits?

A. The hard fact is—and it comes back to the same problem I was just talking about—the Soviet economy, as far as I know, and I think it's generally agreed by Soviet experts, is not in the position to offer us at this time really substantial quantities of goods that we want—that we aren't already getting from good sources and friendly sources of supplies. Therefore, if there is going to be a big increase of Soviet purchases here that cannot be immediately paid for by equivalent

Soviet exports, they can only be financed on a credit basis.

Q. Wasn't that the point that the Premier made in his letter to the President a year or so ago?

A. I think that at that time there was an indication that such a large-scale increase in purchases from the United States might be something that was rather imminent. We get the impression now that they are less interested in this in the immediate future—that this is now sort of a long-term idea—that maybe some day it would be a good idea—but that there is no immediate plan for any such dramatic increase in the placing of orders. I think that their trade with European countries indicates that pattern.

Q. As to the immediate future, looking to the period after a possibly successful lend-lease negotiation, what is the practical problem before the United States Government? You rule out the grandiose billions of dollars objective.

A. I think the practical problem, if you assume a lend-lease settlement and we wish to go ahead with an increase in peaceful trade, would be that we might try to get congressional agreement to do away with the prohibition on the import of Russian furs. This might increase our imports by a few million dollars a year, and conceivably, after that, there might also be congressional agreement to making a trade agreement with the Soviet Union and, on the items which you would purchase from the Soviet under such a trade agreement, to give them most-favored-nation treatment in return for articles which they bought from the United States. It would be in the pattern of the bilateral trade agreements which they have with many countries. I wouldn't think that that could show any very dramatic expansion in trade, and Mr. Khrushchev agreed with that. He said that any expansion would have to take time and it would take a considerable period of time. He indicated quite clearly that the problem in his mind was primarily one of removing the restrictions on trade—because in principle he didn't like to feel discriminated against—rather than the problem of the existence of a big flow of trade that was dammed up, that was suddenly going to begin. I don't think he feels that.

Q. Without the prospect of large-scale exports to the United States, even with the free converti-

bility of European countries, how could they hope to service these private credits if they got them?

A. Well, obviously they can't service them unless there is a future possibility either of exports or payment in gold. Of course, it would be up to the private creditors to decide whether they wanted to make those credits. On the other hand, as far as straight commercial credits are concerned, the Soviet Union's record has been very good. As a payer, so far as I know, they have never defaulted on them, and I think they enter into them with a certain amount of care.

Q. On this point of gold, Mr. Secretary, they have a good deal of it in reserve at the moment. Have they given the slightest indication that that might be an immediate bridge until the credit of the two-way—

A. No, they have never talked about it. We did not ask. I have heard that they have quite a considerable amount of gold in their stock, but I have never heard it from any really authoritative source. I don't think the Soviet Union has ever given out any figures. Of course, if they wanted to use it to purchase goods here or in other countries there could be a more rapid increase. They have used, from year to year, certain amounts to even up their balance of payments.

Trade and Public Opinion

*Q. Sir, how do you explain the contrast between Khrushchev's willingness to reopen the talks on lend-lease and Mikoyan's refusal to do so when he spoke to you in January?*⁵

A. I think the basic difference—if there is one—is that in January I took the attitude that trade problems were, because of congressional factors and public-opinion factors, inextricably intertwined with public opinion and with general easing of tensions. The Soviets did not at that time want to recognize this. They thought they could push and exact some easing on trade, irrespective of relations in other fields. I think that Mr. Khrushchev has come to realize—all of the Soviets have—that this is indeed a part of our overall relations, has to be treated as such, and that one element is the lend-lease settlement. As Mr.

⁵ Anastas Mikoyan, First Deputy Chairman of the Council of Ministers of the U.S.S.R., made an unofficial visit to the United States Jan. 4-20, 1959.

Khrushchev himself pointed out, a lend-lease settlement would have no great economic impact on the United States compared to what we spend on our budgets every year, for instance. I agreed that was right. He said he could see that it would be a factor in public opinion and therefore was something that there should be an attempt to regularize.

Q. Did you talk figures?

A. No.

Q. Were the embargoes on certain types of goods discussed at all?

A. No.

Q. Mr. Secretary, if you settled lend-lease, would the Kerensky debt still prohibit private loans under the Johnson Act?

A. It would under the Johnson Act as presently drawn. That would either have to be settled, or there would have to be some form of legislation similar to the legislation that was passed relieving other countries of that same obligation by the fact of their membership in the World Bank.

Q. The czarist debts don't apply?

A. I don't think there are any czarist debts that I know of to the United States. The only debts I know of were the Kerensky debts.

Q. Did Mr. Khrushchev give any indication of willingness to consider the settlement of the Kerensky debt?

A. No, that was never discussed. Someone asked him at a cocktail party—I heard this question being asked at the Soviet Embassy—if he thought that Russian bonds were a good buy, and he said: "Certainly not." That was a pretty straight tip. [Laughter]

Q. Since there was not much encouragement on credits by business groups, do you think there is a disposition in some American business quarters to give him credit?

A. I would doubt if there would be a disposition to give very long-term credit, because our private business, our exporters, generally try to export on the more normal commercial cash basis. I think the same thing would apply to the Soviet Union.

Q. Mr. Secretary, from what you have said here it seems that the American attitude toward trade with the Soviet Union has been sharply altered or changed by the Camp David talks. Now is that a fair conclusion to draw?

A. I don't think so. The President stated at Geneva a number of years ago^{*}—as we have always stated—that we favored any increase that was possible in peaceful trade. We have always felt that there was not much economic possibility of any great increase in our trade in the foreseeable future, and we still feel that way. But we do feel that an increase in peaceful trade would be good. We have always felt that this refusal for 7 or 8 years to even negotiate on lend-lease was a real hindrance, because we didn't see any possibility of any change in the laws that were adopted at the time of the Korean war against furs and regarding most-favored-nation treatment in the absence of a lend-lease settlement.

Q. Mr. Secretary, have you found out a way to sell him a helicopter, and has the administration even passingly considered the possibility of giving him one?

A. There is no prohibition against the sale of commercial helicopters to the Soviet Union or the Soviet bloc. If he desires to buy a commercial model of a helicopter, I don't foresee any reason why there should be any difficulties. There are not too many of them on the production line. You have to order one ahead, but otherwise I see no problem.

Crabmeat Embargo

Q. Mr. Secretary, what about the crabmeat situation that there has been a lot of talk on? As I understand, that embargo could be removed by administrative action.

A. That is correct. We did not discuss that at Camp David.

Q. Have you considered any action on it?

A. I think that sort of action would tie in with all this general consideration we are giving to increasing the flow of trade. That was put into effect under a 1930 law that gives the Treasury Department authority to prohibit imports of prod-

^{*} BULLETIN of Aug. 1, 1955, p. 174.

ucts manufactured by slave labor. About 7 or 8 years ago this was applied to Soviet crabmeat on the grounds that Soviet crabmeat was being prepared by Japanese prisoners of war. The probabilities are that there are not very many Japanese prisoners of war in Russia any more; that situation may not exist any more. But it is very hard to get concrete evidence of it because we are not generally admitted to the area of the Soviet Far East where this takes place.

Q. There is no evidence now?

A. We only have statements.

Q. The Soviet Union has not admitted any inspectors?

A. No, nobody has gone. We haven't asked to inspect. This is an administrative question. It would have to be solved by the Treasury Department at the time. I don't imagine we had any inspectors there when it [the ban] was put on.

Q. Mr. Secretary, on this question of whether our attitude toward Soviet trade has changed, you referred earlier to your conversations with Mr. Mikoyan in January and the opinion that trade was a part of our general political relations with the Soviet Union. In that context can you say what our attitude is now? Do we feel that the political attitude is changed and therefore our trade attitude might change?

A. I think it is too soon. You can't say after one meeting that any political attitude was changed. But I think that if we have a lend-lease settlement, if we move toward the Berlin settlement, if we seemed to be making some progress on disarmament, certainly that would produce a different situation than the one we have been living through in the last year or two—one that would probably lead to an expansion of trade through the removal of some of these barriers.

Q. At the Ridder dinner¹ Khrushchev made very plain he was interested in purchasing plants for the purpose of copying. Do you think the American Government would be very eager to enter into trade relationships on this basis?

A. That is for American industry to decide. Certainly a lot of individual firms would not.

¹ Eric Ridder, publisher of the *Journal of Commerce*, gave a dinner in honor of Chairman Khrushchev at Washington, D.C., on Sept. 24.

The chemical industry, for instance, has demonstrated at its conventions that probably it is not very interested in that sort of business without very firm agreement on royalties and patents.

Q. Mr. Secretary, you speak as though we would, of course, favor more trade in the Soviet Union. Why is this? Why would we want more trade with the Soviet Union?

A. To put the question the other way, why not? We have always believed that trade is a means of exchange and leads to relations of a peaceful and useful nature, the same way as other exchanges: cultural, exchanges of experts, exchanges of tourists and students, et cetera. It is a normal function when two countries are living at peace with each other, and if our relations become more normal generally we would like to see these trade relations normalized too, so that the amount of trade was governed by purely economic factors and no other.

Q. Mr. Secretary, on the occasions when trade came up in discussion between Mr. Khrushchev and reporters—not discussion but questions and answers—his reaction almost invariably was quite emotional on the subject of trade. Have you got any interpretation of the significance of that?

A. Well, I think his emotionalism—I noted it a little bit, too—stems from the feeling he showed at all times here on all subjects when he felt there was any discrimination against the Soviet Union. I think that he made very clear the principle that he was talking about: He thought they were treated as some form of outcast, and he didn't like it. I think that is the reason for his emotional feeling.

Q. Mr. Secretary, the President day before yesterday said that Mr. Khrushchev had appointed you as agent to procure this helicopter. Are you now turning down this bid to be a go-between?
[Laughter]

A. That was a rather unofficial appointment. If it turns out that the Soviet Union really does want a commercial model of a helicopter, I will be glad to see if I can help to arrange an appointment for them with the producers of one.

Q. Incidentally, Mr. Secretary, you used the term "commercial model." Does this mean that you can't get the explicit model that he wanted?

A. I don't know that he wants an explicit model.

The models of aircraft or helicopters which are stressed and primarily produced for military purposes so as to lift great weights, et cetera, are part of the international control list. They are considered strategic, and they are not furnished by any country.

Q. I believe that the President quoted the Premier as wanting one exactly like the one that he rode in because of the objections that had been taken in his own country to riding in other models.

A. I think the helicopter industry does produce commercial models that are almost identical, except that they may have different communications equipment or things of that nature.

Soviet Economic Offensive

Q. For the last couple of years, Mr. Secretary, we have laid great emphasis on the Soviet economic offensive—that their aid carries political strings—and we have stressed this in our conversations with underdeveloped nations. Now isn't it going to be a little more difficult to carry on this line now that we ourselves are willing to enter into negotiations?

A. It is a question of measure. We have always said that we had no objection to countries' trading with the Soviet Union or accepting aid from the Soviet Union, provided they used care so that they did not let that relationship get so strong that they were totally dependent on it, or so dependent on it that they would be subject to political pressures. I think we still feel that way. Certainly I do. But, as far as ordinary trade is concerned, we have never objected. I don't think that will raise much of a problem.

Q. Sir, I believe you said they wanted machinery for manufacture of synthetics. What else, specifically?

A. Mr. Khrushchev didn't talk about a single specific item in these conversations. He made very clear that he had not brought trade experts with him because he did not want to get into detailed talk. He wanted to maintain the talk on a policy level regarding what he considered as discrimination and that sort of thing.

Q. I believe in some of the talks at some of the private dinners he mentioned some things specifically he needed. What do you understand he needs specifically?

A. I think he wants a broad range of capital goods, machinery to put in factories so they can start producing. I think it is a fairly broad range of that type of goods.

Q. Shoes and synthetics and textiles?

A. Textile machinery, all sorts of machinery. I wouldn't be competent to know the exact types that they would like, but I think that is the field they are interested in.

Q. Do these ships come into the lend-lease negotiations? Just what are the areas that are considered in the lend-lease \$800 million and \$300 million? Just what is involved?

A. I am not certain of the exact number of ships, but there are a certain number, I think, of both merchant ships—not a large number—and military ships which are mostly very small ones, that do come into this problem. They returned some years ago the bulk of the military ships, but there were a few that I think they said they wanted to buy and they kept them.

Q. I heard a figure of 83 merchant ships. Is that right now? Is that considered a few?

A. I don't know whether it is 83 or not. It sounds like more than I would say would be a few, but it may be accurate. [After conferring with Mr. White] I am told that is correct. It is 84. You can put the adjective on it that you want.

Q. Those are the two main areas?

A. Yes. [Ships, and payment for civilian-type supplies which were on hand in the U.S.S.R. on V-J Day.]

Q. Was there any discussion of figures or percentages on the lend-lease?

A. No, just an agreement on principle to resume negotiations.

Q. Did I understand correctly the Soviet Union had obtained the know-how on four or five fiber processes from the United States alone?

A. Within the past year, yes.

Q. What do you mean by that?

A. Technology—possibly not complete and possibly only part—but bearing on the making of nylon, the making of viscose staple fibers, and the making of acrylic fibers—fibers of that nature.

Q. Do you think this might be preliminary to some interest on their part in buying plants?

A. I have no idea. They have said they were interested in this industry. Whether they want to buy plants or not, I don't know. They have said they do, but they have not tried to place orders.

Order Provides for Carrying Out of Atomic Energy Amendments

White House press release dated September 30

WHITE HOUSE ANNOUNCEMENT

The President on September 30 issued an Executive order entitled "Providing for the Carrying Out of Certain Provisions of the Atomic Energy Act of 1954, as Amended, Relating to International Cooperation."

The purpose of the order is principally to provide for the carrying out of certain amendments of the Atomic Energy Act of 1954, which were enacted by the Congress during its 1958 session.

The statute authorizes cooperation with other nations with respect to the sale, lease, or loan to other nations of materials for military applications and with respect to the communication to a cooperating nation of restricted data concerning a number of matters. Such international cooperation (1) is subject to an international agreement entered into in accordance with the Atomic Energy Act of 1954, (2) is, for the most part, subject to determination by the President that the cooperation will promote and will not constitute an unreasonable risk to the common defense and security, and (3) requires authorization by the President to cooperate with the other nation.

The primary effect of the Executive order is to authorize the Secretary of Defense and the Atomic Energy Commission, acting jointly, to make the necessary determination that the proposed international cooperation will promote and will not constitute an unreasonable risk to the common defense. The order also provides that the approval by the President of a proposed international agreement providing for cooperation and his authorization to execute such an agreement shall constitute the President's authorization to cooperate to the extent provided for in that agreement and in the manner provided for by the statute.

EXECUTIVE ORDER 10841¹

PROVIDING FOR THE CARRYING OUT OF CERTAIN PROVISIONS OF THE ATOMIC ENERGY ACT OF 1954, AS AMENDED, RELATING TO INTERNATIONAL COOPERATION

By virtue of the authority vested in me by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011 *et seq.*), hereinafter referred to as the Act, and section 301 of title 3 of the United States Code, and as President of the United States, it is ordered as follows:

SECTION 1. Whenever the President, pursuant to section 123 of the Act, has approved and authorized the execution of a proposed agreement providing for cooperation pursuant to section 91c, 144a, 144b, or 144c of the Act (42 U.S.C. 2121(c), 2164(a), 2164(b), 2164(c)), such approval and authorization by the President shall constitute his authorization to cooperate to the extent provided for in the agreement and in the manner provided for in section 91c, 144a, 144b, or 144c, as pertinent. In respect of sections 91c, 144b, and 144c authorizations by the President to cooperate shall be subject to the requirements of section 123d of the Act and shall also be subject to appropriate determinations made pursuant to section 2 of this order.

SEC. 2. (a) The Secretary of Defense and the Atomic Energy Commission are hereby designated and empowered to exercise jointly, after consultation with executive agencies as may be appropriate, the following-described authority without the approval, ratification, or other action of the President:

(1) The authority vested in the President by section 91c of the Act to determine that the proposed cooperation and each proposed transfer arrangement referred to in that section will promote and will not constitute an unreasonable risk to the common defense and security.

(2) The authority vested in the President by section 144b of the Act to determine that the proposed cooperation and the proposed communication of Restricted Data referred to in that section will promote and will not constitute an unreasonable risk to the common defense and security.

(3) The authority vested in the President by section 144c of the Act to determine that the proposed cooperation and the communication of the proposed Restricted Data referred to in that section will promote and will not constitute an unreasonable risk to the common defense and security.

(b) Whenever the Secretary of Defense and the Atomic Energy Commission are unable to agree upon a joint determination under the provisions of subsection (a) of this section, the recommendations of each of them, together with the recommendations of other agencies concerned, shall be referred to the President, and the determination shall be made by the President.

SEC. 3. This order shall not be construed as delegating the function vested in the President by section 91c of the Act of approving programs proposed under that section.

SEC. 4. (a) The functions of negotiating and entering into international agreements under the Act shall be per-

¹ 24 Fed. Reg. 7041.

formed by or under the authority of the Secretary of State.

(b) International cooperation under the Act shall be subject to the responsibilities of the Secretary of State with respect to the foreign policy of the United States pertinent thereto.

Dwight D. Eisenhower

THE WHITE HOUSE,
September 30, 1959.

Polish Minister of Agriculture Visits United States

Press release 677 dated September 28

Edward Ochab, Minister of Agriculture of Poland, Jan Stanislaw Gucwa, Under Secretary of State in the Ministry of Agriculture, and Felician Dembinski, Chairman of the Scientific and Technical Council of the Ministry of Agriculture, are scheduled to arrive in the United States October 1 on the invitation of the U.S. Government under the leader program of the International Educational Exchange Service, Department of State. They will be accompanied by an interpreter, Stanislaw Zagaja.

The group will remain in the United States about 2 weeks. During this time Mr. Ochab and his associates will meet with high U.S. officials in Washington and will visit several areas of the country for the primary purpose of observing agricultural production, research, and education. Planning for the group's U.S. visit has been done by the Departments of State and Agriculture. The Governmental Affairs Institute is assisting in completing arrangements.

Before his departure from Poland, Mr. Ochab will greet and be host to Secretary of Agriculture Ezra Taft Benson, who is arriving in Warsaw on September 28 for a 2-day stay as a guest of the Polish Government.

General Pulaski's Memorial Day, 1959

A PROCLAMATION¹

WHEREAS during the American war for independence brave men of the nations of Europe, inspired by our ideals of liberty and justice, came from their homelands to fight by our side; and

WHEREAS among them was Count Casimir Pulaski, a native of Poland, who joined the army of General Washington at the age of twenty-nine; received an appointment from the Continental Congress as commander of cavalry; distinguished himself in various engagements with the enemy; raised and commanded a corps known as the Pulaski Legion; and, while leading an attack to relieve the captured city of Savannah, Georgia, sustained a wound from which he died on October 11, 1779; and

WHEREAS the Continental Congress on November 29, 1779, in recognition of General Pulaski's service and sacrifice, resolved that a monument should be erected to his memory; and

WHEREAS it is fitting that we should continue to remember General Pulaski's devotion to our Nation by marking, in this year, the one hundred and eightieth anniversary of his death:

NOW, THEREFORE, I, DWIGHT D. EISENHOWER, President of the United States of America, do hereby designate Sunday, October 11, 1959, as General Pulaski's Memorial Day; and I direct the appropriate officials of the Federal Government to display the flag of the United States on all Government buildings on that day.

I also invite the people of the United States to observe the day with appropriate ceremonies in honor of the memory of General Pulaski and of the cause for which he gave his life.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this twenty-eighth day of September in the year of our Lord nineteen hundred and fifty-nine, and of the Independence of the United States of America the one hundred and eighty-fourth.

Dwight D. Eisenhower

By the President:
CHRISTIAN A. HERTER,
Secretary of State.

¹ No. 3318; 24 Fed. Reg. 7979.

The Role of American Investment in Australia

by William J. Sebald
Ambassador to Australia¹

I was delighted when I was invited to address the members of the American-Australian Association of California, and, as your president so well knows, I lost no time in accepting. I will admit to stretching out the date a bit, as home leave for us in the field comes, if at all, never more often than once in 2 years.

A month ago I was invited to address your counterparts in New York, an occasion which gave me an opportunity again to meet with my many good friends to whom I had said goodbye some 27 months previously. Since my departure for Australia at that time, this association has come of maturity, and I therefore have much pleasure today not only in meeting with you for the first time but also to take with me when I leave for Sydney tonight some firsthand impressions of the good will and friendship for Australia so apparent here today.

I consider myself fortunate indeed to be associated so closely with you and your sister association in New York in our objective of developing and cementing even more closely the ties of friendship between the United States and Australia.

In this connection I have found among Americans who have not visited Australia a most generalized conception of what Australia is, or, more accurately, is not. I have found, generally, that this conception is expressed in terms of sheep, cattle, mutton, beef, wool, aborigines, boomerangs, kangaroos, and koala bears. This, of course, is not all bad, but the fact that there are so many who think of Australia solely in these terms suggests that there is still a big job of explanation and familiarization to be done.

Similarly, there is the job of explaining the United States to our Australian friends. They,

too, at times have some rather strange ideas of what America is like, though they see many of our movie and television shows and perhaps base their ideas largely on what they see and hear on the screen. Even so, I am sure you will agree that much remains to be done.

In these tasks, therefore, the American-Australian Associations and your counterparts in Australia can perform a service which is not only desirable but essential if we are to create greater understanding and mutual knowledge of each other.

There are, of course, a number of problems with which we might deal here today. Unfortunately, time and your patience would hardly permit me to do more than touch lightly upon the many interesting facets of Australia which we could examine, and I shall therefore limit my remarks to a somewhat generalized examination of the Australian economy and the role American investment is playing in its development.

At the outset I should like to say that the conditions which now obtain in the Australian economy closely parallel our own industrial development and the gradual westward retreat of the American frontier. Indeed, if I recall correctly, my good friend Premier [H. E.] Bolte of Victoria, during his mission to the United States this past spring, described Australia as America's western frontier.

Basic Strength of Australian Economy

I am certain that you welcomed the announcement on August 1st that the Australian Government had taken further steps to liberalize its import restrictions.² In effect, the growing Aus-

¹ Address made before the American-Australian Association of California at San Francisco, Calif., on Sept. 29.

² For a U.S. statement regarding the relaxation by Australia of controls against dollar imports, see BULLETIN of Aug. 24, 1959, p. 284.

tralian market is now open to dollar goods on a nondiscriminatory basis for virtually all categories of goods. Those restrictions which still remain apply to imports from every currency area.

This latest step was far reaching and serves to emphasize the basic strength of Australia's foreign exchange position. It also underscores the greater opportunities for American exporters and investors, many of whom had begun to think of Australia as a closed market.

I hope to demonstrate that this is not so and that, regardless of what may have been the situation during much of the period since the end of the war, Australia now is virtually exploding into industrial strength. Consider, for example, that in 1958 income from the export of Australian wool declined by more than 40 percent. A decade ago this drop would have served a disastrous blow upon the Australian economy. And yet last year, in spite of this dip, there was no significant decline in the national income.

The reasons are not difficult to find. They lie, basically, in the spectacular growth of industry during the past 10 years.

Relatively, Australia is now as much an "automobile" economy as is the United States. Production last year was 240,000 cars, and there is one automobile registered for every 3.75 persons. The ratio in the United States is one automobile for every 2.25 persons. And within a few years the capacity of the Australian automobile industry is expected to reach some 325,000 units annually.

Houses and apartments are being built at the rate of 80,000 per annum.

Australia is producing over 3 million tons of steel each year. And the price of this steel landed in the United States is 10 to 20 percent lower than the price of equivalent steel manufactured in this country. Thus, our west coast is becoming an importer of Australian steel products.

Australia is now a mass producer of refrigeration equipment, washing machines, plastics, tires, and even that great American phenomenon—television, not to mention such diverse items as heavy chemicals and drugs of all kinds, ships, and jet planes. The important thing, of course, is that there is a growing market for these products, not only in the Australian domestic market but also in the developing countries to the north.

During the course of the past decade coal pro-

duction has risen 50 percent; the generation of electricity is up 120 percent; many industrial chemicals have increased by from 80 to 300 percent; cement production is up 130 percent; the production of automobiles has tripled, as has the production of copper. These are astonishing statistics.

We have heard a great deal recently about the "great leap forward" of Communist China. I submit that Australia's record is such as to make that leap look somewhat silly, the more so because it has been effected in a free economy so similar to our own and without the tragic dislocation of human beings to which the Chinese Communists have so ruthlessly resorted.

This is an exciting period in which to be the representative of our country in Australia. Things are on the move. You may recall that a \$52-million petrochemical complex is being constructed in the State of Victoria to utilize the virtually limitless brown coal deposits available. These same deposits also provide fuel for huge thermoelectrical generating plants and plants manufacturing gas for the Melbourne area. I have heard this valley described as the future "Ruhr of Australia"—a description which might well be realistic.

Oil refining capacity is expected to expand from 10,500,000 to 14,500,000 tons annually. As of now, no commercially feasible oil deposits have been found in the country, but Australian, British, and American prospecting teams are working hard and, like prospectors everywhere, are optimistic that oil will be found.

General Motors-Holden Corporation is now engaged in a \$20-million expansion program which will boost its capacity to 125,000 cars annually. This wholly American-owned subsidiary is the largest automobile manufacturer in the country.

By far the most ambitious and exciting project, however, is the gigantic—perhaps in California I might even say "stupendous"—Snow Mountains hydroelectric scheme, on which the Australian Government is currently spending about \$100 million each year. When completed, it will have cost more than \$1 billion and will of itself have doubled the total electrical power in Australia.

It seems obvious that bountiful opportunities for investment exist in this burgeoning economy. Indeed, the rate of inflow of capital in the second half of 1958 was reported to be almost twice as

high as it was during the same period of the previous year. Total United States investment in Australia is estimated to exceed \$750 million. This total represents a greater investment by Americans than that in any one country of Western Europe except the United Kingdom. It is greater than the total United States investment in India, Japan, Indonesia, and New Zealand combined.

According to statistics recently released by the Australian Minister for Trade, the Honorable John McEwen, almost 900 American companies have established factories or acquired joint interests with local manufacturers in Australia. These range from Abbott Laboratories of Chicago to the Zippy Products Company of Memphis. I am told that some eight private investment missions are slated to go to Australia during the next 12 months, largely in consequence of Premier Bolte's recent visit.

Favorable Climate for Investment

The reasons why investors hold Australia in such favor are readily understandable. It is a rich and developing economy with an annual population increase of 2.5 percent. Australia has the fifth highest per capita income in the world. With occasional exceptions, the country is remarkably free of strikes. There is an adequate supply of skilled labor, and the Government's immigration policies—125,000 new immigrants are expected next year—are directed toward those who are skilled in a trade or profession. The immigration policy, by the way, is a bipartisan project.

Perhaps most important of all to potential investors, however, are the policies adopted by the State and Commonwealth Governments. In my view, these Governments have exhibited a sophisticated understanding and appreciation of the role that foreign capital can play in Australia's industrialization and general economic growth. The States have at various times sent high-level trade missions to this country in order to attract additional investment capital. Each State is in a position to make *some* potent points in its selling campaign, and the Commonwealth Government has also been generous in acknowledging the role that American capital has played in Australia's development.

There are no restrictions whatsoever on the type of enterprise in which foreign investors may en-

gage. Nor are unusual controls imposed on the operations of foreign businesses. This means, of course, that the American investor is assured the same treatment as that accorded Australian nationals.

Australia takes great pride in its treatment of applications for remittance of earnings and repatriation of capital. It is only the exceptional case in which approval is not granted. In fact, I know of no such case which has arisen during the past 10 years.

I think that I have made my point, that Australia has entered upon a period of almost explosive expansion, to which American capital has and is contributing in a most constructive manner. There is, of course, need for still more capital in this expanding economy.

At the same time, however, we should observe that there are pockets of Australian opinion which have serious reservations about the wisdom of encouraging, or even permitting, additional foreign investment in the Australian economy. The arguments for these views are familiar. They have, at one time or other, been repeated in virtually every developing country in the world, including our own. The fact that these arguments are familiar, however, should in no sense denigrate the importance they assume for those who hold them.

The line of reasoning which I have most frequently encountered in this respect is briefly as follows: As foreign investment grows, the drain on foreign exchange reserves to cover overseas payments soon becomes excessive. This is especially true of American investment, since it has enjoyed such signal success. Alternatively, it is said that, since American firms follow the practice of reinvesting unusually high percentages of their earnings within the country, the trend is for American firms to acquire control of important sectors of the Australian economy.

Now it seems to me that our experience and results elsewhere effectively dispose of these arguments. Successful foreign investment not only does not drain wealth from a country but rather creates new wealth which is permanent, regardless of what the investor eventually does with his original capital. I venture to suggest, further, that reinvestment of earnings should be a source of satisfaction and gratification. It means, in effect, that foreign investors consider the receiving

country a sound field for further utilization of capital. Capital is timid and will remain only where its primary function of investment growth can be exercised.

One final point which I would like to make is that of the desirability of American investors' entering into partnership with our Australian friends. No all-inclusive rule can be laid down in this regard, as almost every investment is based upon different considerations. In an address to the Sydney Rotary Club shortly before my departure from Australia, I referred to this problem in the following words:

In general . . . United States Government officials, including myself, are fully aware of the inherent advantages that usually accrue from ventures jointly entered into between American firms and Australian citizens or companies. We do what we can to explain these advantages to potential investors. Also, I am sure that, in general, American firms investing in Australia welcome the many contributions which local capital and know-how can make.

In short, Mr. President, we in government not only favor private investment but we recommend that such investment, wherever possible, be a joint venture with Australian capital and know-how. This, in my belief, provides a built-in assurance that at least some of the difficult problems of operating in a foreign country can more easily and satisfactorily be surmounted with the interested help of Australian friends and partners.

Thank you.

U.S. Welcomes French Move To Reduce Import Restrictions

Department Statement

Press release 690 dated October 1

The U.S. Government welcomes the announcement by France on September 26 of a new list of products which may be imported from the dollar area without quantitative restriction. Besides reducing the scope of quota discrimination against dollar imports, the French action adds to their dollar and OEEC liberalization lists 15 product descriptions not heretofore liberalized for any exporting country.

Products which U.S. exporters will be able to

market in France without quantitative restriction as a result of the new French measure include heavy automobiles, outboard motors, certain plastics and chemicals, rolling mills, electric junction boxes, carbon black, and dried apricots. In addition, on January 1, 1960, French quotas on dollar imports of edible offals, various kinds of synthetic rubber, and certain medicines and antibiotics will be removed.

The new liberalization move brings France's dollar liberalization percentage (based on imports on private account in 1953) up to about 80, the highest level yet reached by France.

President Amends Proclamation on Wool-Fabric Tariff Quota

White House press release dated September 24

WHITE HOUSE ANNOUNCEMENT

The President on September 24 amended his April 21st proclamation¹ which established a supplemental tariff quota for certain woolen and worsted fabrics. The proclamation of September 24 is addressed to certain technical problems which have arisen in the administration of that supplemental tariff quota.

The earlier proclamation established a value test for determining which fabrics would receive the benefit of the 30 percent ad valorem rate of duty established for 350,000 pounds of imports in excess of the basic woolen and worsted tariff quota which was set at 13.5 million pounds for the year 1959. For the purpose of applying that value test, the proclamation of September 24 provides for the use of the purchase price based upon the invoice. This invoice value standard is made applicable in general to all imports under the supplemental quota for 1959.

This method of valuation will be used only for applying the test set forth in the proclamation of April 21, 1959. Standard methods of assessing values for tariff purposes remain applicable in other respects.

¹ For text, see BULLETIN of May 18, 1959, p. 720.

PROCLAMATION 3317¹

FURTHER AMENDMENT OF PROCLAMATION No. 3160, RELATING TO CERTAIN WOOLEN TEXTILES

1. WHEREAS by Proclamation No. 3160 of September 28, 1956 (71 Stat. C12),² as amended by Proclamation No. 3225 of March 7, 1958 (3 CFR, 1958 Supp., p. 19),³ and by Proclamation No. 3285 of April 21, 1959 (24 F.R. 3221), the President announced the invocation by the Government of the United States of America of the reservation contained in the note to item 1108 in Part I of Schedule XX annexed to the General Agreement on Tariffs and Trade (61 Stat. (pt. 5) A11, A1274), and proclaimed that the ad valorem part of the rate applicable to fabrics described in item 1108 or 1109(a) in Part I of Schedule XX to the General Agreement on Tariffs and Trade (61 Stat. (pt. 5) A1274), or in item 1109(a) in Part I of Schedule XX to the Torquay Protocol to the General Agreement on Tariffs and Trade (3 UST (pt. 1) 615, 1186), entered, or withdrawn from warehouse, for consumption in excess of certain quantities would be either 30 per centum or 45 per centum, depending on the classification of such fabrics; and

2. WHEREAS I find that as of January 1, 1959, it will be appropriate to carry out the General Agreement on Tariffs and Trade that the ad valorem part of the rate be 30 per centum ad valorem in the case of any of the fabrics described in item 1108 or 1109(a) in Part I of Schedule XX to the General Agreement on Tariffs and Trade, or in item 1109(a) in Part I of Schedule XX to the Torquay Protocol to the General Agreement on Tariffs and Trade, which are described in subparagraph (a) of the seventh recital of the proclamation of September 28, 1956, as amended by the proclamations of March 7, 1958, and April 21, 1959, and as further amended by this proclamation:

NOW, THEREFORE, I, DWIGHT D. EISENHOWER, President of the United States of America, acting under and by virtue of the authority vested in me by the Constitution and the statutes, including section 350(a) of the Tariff Act of 1930, as amended by section 3(a) of the Trade Agreements Extension Act of 1955 (69 Stat. 162; 19 U.S.C. 1351(a), Supp. V), and by section 3(a) of the Trade Agreements Extension Act of 1958 (72 Stat. 673; Public Law 85-686, sec. 3(a)), do hereby proclaim that, except insofar as this would result in the assessment on any article entered, or withdrawn from warehouse, for consumption prior to the date of this proclamation of a higher duty than would have been assessed thereon under the Proclamation of April 21, 1959, the seventh recital of the proclamation of September 28, 1956, as amended by the proclamations of March 7, 1958, and April 21, 1959, is hereby further amended to read as follows:

"7. WHEREAS I find that following December 31, 1958, and until otherwise proclaimed by the President, it will be appropriate to carry out the trade agreements specified in

the first and third recitals of this proclamation that the ad valorem part of the rate be as set forth below in the case of the fabrics described in item 1108 or 1109(a) in Part I of Schedule XX of the General Agreement on Tariffs and Trade set forth in the second recital hereof, or in item 1109(a) in Part I of Schedule XX to the Torquay Protocol set forth in the fourth recital hereof (except in each case articles dutiable at rates applicable to such fabrics by virtue of any provision of the Tariff Act of 1930, as amended, other than paragraph 1108 or 1109(a)), entered, or withdrawn from warehouse, for consumption in any calendar year after that total aggregate quantity by weight of such fabrics which shall have been notified by the President to the Secretary of the Treasury, and published in the FEDERAL REGISTER (which quantity the President shall have found to be not less than 5 per centum of the average annual production in the United States during the three immediately preceding calendar years of fabrics similar to such fabrics), has been so entered or withdrawn during such calendar year:

"(a) 30 per centum ad valorem in the case of any such fabrics which are:

"(i) hand-woven fabrics with a loom width of less than 30 inches,

"(ii) serges, weighing not over 6 ounces per square yard, and nuns' veilings and other woven fabrics, weighing not over 4 ounces per square yard; all of the foregoing described in this clause (ii) wholly or in chief value of wool of the sheep, valued at over \$4 per pound, in solid colors, imported to be used in the manufacture of apparel for members of religious orders, or

"(iii) woven fabrics not described in either clause (i) or clause (ii) of this subparagraph wholly or in chief value of wool of the sheep or hair of the Angora goat, weighing over 6 ounces per square yard and having a purchase price determined from the invoice of over \$6.50 per pound, or weighing over 4 ounces, but not over 6 ounces, per square yard and having a purchase price determined from the invoice of over \$7 per pound (such purchase price to be determined by the Collector of Customs on the basis of the aggregate price, including all expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, but excluding transportation, insurance, duty, and other charges incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States) entered, or withdrawn from warehouse, for consumption in any calendar year after such aggregate quantity notified by the President to the Secretary of the Treasury has been so entered or withdrawn but before there shall have been so entered or withdrawn 350,000 pounds of woven fabrics described heretofore in this clause (iii) but not described in either clause (i) or clause (ii) of this subparagraph, and

"(b) 45 per centum ad valorem in the case of any other of such fabrics; and".

IN WITNESS WHEREOF, I have hereunto set my hand and

² 24 Fed. Reg. 7893.

³ For text, see BULLETIN of Oct. 8, 1956, p. 556.

⁴ For text, see *ibid.*, Apr. 21, 1958, p. 673.

caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this 24th day of September in the year of our Lord nineteen [SEAL] hundred and fifty-nine, and of the Independence of the United States of America the one hundred and eighty-fourth.

Dwight D. Eisenhower

By the President:

CHRISTIAN A. HEETER,
Secretary of State.

Views Invited on Renegotiation of Canadian Textile Concessions

Press release 684 dated September 30

DEPARTMENT ANNOUNCEMENT

The interdepartmental Committee for Reciprocity Information issued a notice on September 30 inviting the public to submit views in connection with a tariff renegotiation to begin on or about November 16 arising from Canada's desire to modify certain textile and related concessions formerly negotiated with the United States and other countries under the General Agreement on Tariffs and Trade (GATT).

The scheduled renegotiation results from the continuing revision of Canada's customs tariff which began several years ago. To bring about the revision, individual schedules of the tariff are referred to the Canadian Tariff Board for investigation and recommendations, and, on the basis of those recommendations, the language and, in some cases, the rate structure are revised with a view to modernization. Insofar as the revision extends to products which are the subject of concessions in the GATT, international negotiations are required with a view to compensatory adjustments in those cases in which concession rates are increased.

Several schedules of the Canadian tariff have already been revised by this procedure. The textile schedule was referred to the Tariff Board more than a year ago, and the Board has reported on woolen and worsted fabrics, cotton and cotton products, silk and manmade fibers and products, and textile wastes. The Board is expected to make a report on knitted goods soon and to report on the remaining products (coated fabrics, braids,

tapes, elastics, etc.) as investigations are completed.

The changes recommended by the Board in the reports already made cover many GATT concessions. They extend through the cotton, synthetic fiber, silk, and wool categories of trade. The tariff numbers included in the reference to the Tariff Board cover rovings; waste and rags; batts and wadding; yarn, thread, and cordage; piece goods, ribbons, lace, and embroidery; wearing apparel including gloves and hats, hoods, and shapes; and miscellaneous manufactures including bags and household and various made-up articles. A number of specialized products which, by reason of tariff specification or end use, are associated with the textile tariff also fall within the scope of the revision, including surgical dressings, surgical trusses, suspensory bandages, and abdominal supports; boot, shoe, shirt, and stay laces; webbing and belting of all kinds including rubber; manufactures of hair; and electric blankets. Products for use in Canadian manufactures are also included, such as hat braids; asbestos fabric for the manufacture of brake lining and clutch facing; tire cord and fabric; materials for the manufacture of surgical dressings; pantographs and parts including diamond points and engraving mills for printing textiles and wall-paper; and blankets, blanketing, and lapping for use by those industries.

The concessions on many of the affected tariff items were either initially negotiated with the United States in the GATT or cover trade in which this country is the principal or a large supplier. Accordingly the United States has informed Canada that it desires to negotiate or consult respecting any increases in concession rates which Canada may make. Not all of the textile changes recommended by the Tariff Board, however, are increases in duty. Some represent decreases in existing tariffs and some merely changes in language incidental to the establishment of broader specifications. It is suggested therefore that interested parties refer to the Canadian Tariff Board reports mentioned above to familiarize themselves with the nature of the tariff revision and the changes which may result from the Board's recommendations. Details concerning the availability of these reports are contained in the attached notice of the Committee for Reciprocity Information.

Because of the continuing nature of the renegotiations the committee has set no closing date for submission of views, but it points out that in order to receive maximum consideration views respecting items dealt with by the Canadian Tariff Board reports now available should be received by the committee at least 15 days before the negotiations begin. Views respecting items dealt with by Tariff Board reports published subsequent to the committee notice should be received within 30 days after the date of publication of the Tariff Board report to receive maximum consideration, the committee notes.

The interdepartmental Committee for Reciprocity Information is a group consisting of a member of the United States Tariff Commission as chairman and representatives from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury, and the International Cooperation Administration which is charged with receiving the views of interested persons regarding proposed or existing trade agreements.

Details concerning the submission of statements are contained in the attached notice of the Committee for Reciprocity Information.

All communications regarding this notice should be addressed to: The Secretary, Committee for Reciprocity Information, Tariff Commission Building, Washington 25, D.C.

TEXT OF NOTICE

COMMITTEE FOR RECIPROCITY INFORMATION

RENEGOTIATION BY CANADA WITH THE UNITED STATES OF CERTAIN TEXTILE TARIFF CONCESSIONS INCLUDED IN CANADA'S SCHEDULE TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE

Submission of information to the Committee for Reciprocity Information.

Views receive maximum consideration if submitted at least 15 days before beginning of renegotiations.

Renegotiation begins on or about November 16, 1959.

Notice is hereby given that the Committee for Reciprocity Information invites written views from interested parties with respect to the possible effect on United States trade of the renegotiation by Canada of the concessions on certain textile and related products in Schedule V (Canada) to the General Agreement on Tariffs and Trade, as well as views regarding concessions which the United States might seek, or accept, from Canada as compensation for the modification or withdrawal of existing Canadian concessions.

The renegotiations by Canada will be conducted pursuant to Article XXVIII of the General Agreement, the Contracting Parties to that Agreement having found the special circumstances required by paragraph 4 of that article. Under the provisions of Article XXVIII of the General Agreement, a contracting party proposing to renegotiate a concession by modifying or withdrawing it is required to negotiate regarding compensatory adjustment with the country with which the concession was originally negotiated and with any other contracting party having a principal supplying interest in the concession. It is also required to consult with contracting parties having a substantial trade interest therein. In such negotiations, the country proposing the modification or withdrawal usually offers new concessions by way of compensation, and views are now requested on the assumption that agreement will be reached on the basis of compensatory concessions by Canada.

The renegotiation by Canada results from a proposed revision of the textile schedule of the Canadian customs tariff, which will be based on recommendations by the Tariff Board. The Board has already reported its recommendations on woolen and worsted fabrics, cotton and cotton products, silk and man-made fibres and products, and textile wastes. It is expected to report on knitted goods soon and to report on the remaining products (coated fabrics, braids, tapes, elastics, etc.) early in 1960. Not all of the textile changes recommended by the Tariff Board are increases in duty. Some represent decreases in existing duties and some merely changes in language incidental to the establishment of broader specifications. Accordingly, it is urged that interested parties refer to these Tariff Board Reports to familiarize themselves with the nature of the proposed revision and the changes which may result from the Board's recommendations. The Tariff Board Reports which have so far been published are available for purchase from the Queen's Printer, Ottawa, Canada. Reference copies are on deposit at the Department of Commerce Field Offices in New York, Boston, Greensboro (N.C.), and Atlanta, and at the British Commonwealth Division, Bureau of Foreign Commerce, Department of Commerce, Washington, D.C. Other reports will be made available at these locations as they become available.

All communications submitted to the Committee, except information and business data proffered in confidence, shall be open to inspection by interested persons. Information and business data proffered in confidence shall be submitted on separate pages clearly marked "For Official Use Only of the Committee for Reciprocity Information."

No closing date for the submission of written views is established. However, negotiations respecting the products dealt with by the Canadian Tariff Board Reports now available are expected to begin on or about November 16, 1959, and views respecting these products should be received by the Committee at least 15 days prior to that date in order to receive maximum consideration. Views on products dealt with by Canadian Tariff Board Reports published subsequent to this announcement should be received by the Committee no later than 30 days

after the date of their publication in order to receive maximum consideration.

Annexed to this notice is a list of commodity classifications relating to tariff concessions in Schedule V (Canada) to the General Agreement on Tariffs and Trade in the renegotiation of which the United States intends to participate.

By direction of the Committee for Reciprocity Information this 30th day of September, 1959.

EDWARD YARDLEY

Secretary,

Committee for Reciprocity Information.

ANNEX TO NOTICE

COMMODITY CLASSIFICATIONS RELATING TO TARIFF CONCESSIONS IN SCHEDULE V (CANADA) TO THE GENERAL AGREEMENT ON TARIFFS AND TRADE IN THE RENEGOTIATION OF WHICH THE UNITED STATES INTENDS TO PARTICIPATE

Cotton Products

Batts, batting, and wadding
Yarn, thread and cordage
Piece goods
Lace and embroidery
Wearing apparel
Other manufactures

Synthetic Textile Fibre Products

Yarns, threads, cords, etc.
Piece goods
Wearing apparel
Other manufactures

Silk Products

Yarns and thread
Piece goods
Wearing apparel
Other manufactures

Wool and Products

Raw and unmanufactured wool and slivers
Yarns, batts and batting
Piece goods
Wearing apparel
Other manufactures

Flax, Hemp and Jute Products

Batts, batting and wadding
Yarn, thread and twine
Piece goods
Other manufactures

Textile Products of Miscellaneous and Mixed Composition

Hats, hoods and shapes
Braid, fringe, etc.
Rags and waste
Surgical dressings
Cloth, coated or impregnated
Bags, including used

Other Products

Surgical trusses, suspensory bandages and abdominal supports
Boot, shoe, shirt and stay laces
Asbestos fabric for the manufacture of clutch facing and brake lining

Hair and manufactures

Electric blankets

Belting, including rubber and webbing

Blankets, blanketing and lapping for use by textile manufacturers and wall paper printers

Pantograph rolls and engraving mills for printing textiles and wall paper

Tire cord and fabric

DLF Lists Total Commitments as of September 15, 1959

Press release 674 dated September 25

In the period June 12 to September 15 the U.S. Development Loan Fund approved 15 loans totaling \$97,200,000 to public and private borrowers in 10 countries, according to a listing issued on September 25. This listing is an addendum to one dated June 11.¹

The newly listed loans bring the cumulative total commitment of DLF loan funds to date to \$833,656,000. This includes commitments of funds for 101 loans and 1 guarantee totaling \$815,506,000 to borrowers in 39 countries and commitment of \$18,150,000 for certain countries to finance projects within their development programs, subject to approval of specific projects.

One loan previously approved—\$300,000 to the Anhumas/Pedrinhas Resettlement Project in Brazil—was canceled at the request of the applicant.

The DLF is a U.S. Government corporation established to help speed the economic growth of newly developing nations. It lends money to governments and private firms for constructive purposes for which capital cannot be obtained from other sources, accepting repayment in local currencies if necessary.

The new list includes brief descriptions of all loans signed or approved by the DLF during the June 12–September 15 period. Copies are available at the DLF offices at 1025 Fifteenth St., NW., Washington 25, D.C.

DLF loan operations to date break down as follows:

Eighteen loans totaling \$65,790,000 to borrowers in 12 Latin American countries;

Nine loans totaling \$30,140,000 to borrowers in 7 countries in Africa;

¹ BULLETIN of July 27, 1959, p. 127.

Seven loans totaling \$77,100,000 to borrowers in 3 European countries;

Eighteen loans totaling \$166,200,000 to borrowers in 7 countries in the Near East;

Twenty-four loans totaling \$310,000,000 to borrowers in 3 countries in South Asia; and

Twenty-five loans and one guarantee, totaling \$166,276,000, to borrowers in 7 Far Eastern countries.

The principal borrowing countries were India, with 8 loans totaling \$195,000,000, and Pakistan, with 13 loans totaling \$111,550,000.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

SEATO Members Consider Situation In Southeast Asia

Following are texts of three documents: the final press release issued at the conclusion of a meeting of the military advisers to the Southeast Asia Treaty Organization at Bangkok September 22-24; a communique released after a meeting of the Council Representatives at Bangkok on September 26; and a communique released following an informal ministerial meeting of the SEATO Council at Washington on September 28.

MILITARY ADVISERS, BANGKOK, SEPTEMBER 24

The SEATO Military Advisers ended their Eleventh Conference today confident that the collective strength of the Treaty Organization is ready to defend South-East Asia if the need arises. They reviewed and refined SEATO military plans designed to safeguard the security and integrity of the Treaty Area. They expressed their confidence in their ability to support these plans should such action be called for by the SEATO Council.

The Military Advisers took note of communist-inspired threats to the freedom of Laos.¹ They recognised the need to keep up-to-date their plans

¹ For background, see BULLETIN of Oct. 5, 1959, p. 475.

in case future developments require military defensive action by SEATO.

The Advisers expressed satisfaction over the high degree of coordination and cooperation attained in the three SEATO Military Exercises held since their meeting in Wellington, New Zealand earlier this year. They stressed the importance of continuing these exercises as a means of improving techniques and operational procedures among the Member Nations' Armed Forces.

A review was made of the reports of the Military specialist groups which have met during the past few months and their recommendations for steps to be taken to increase further the capability of SEATO forces to conduct combined operations.

The Twelfth Conference of the Military Advisers will be convened on 18 May, 1960 in Washington, D.C.

COUNCIL REPRESENTATIVES, BANGKOK, SEPTEMBER 26

The members of SEATO have been in constant consultation and are following with concern Pathet Lao efforts, with north Vietnamese encouragement and support, to undermine the integrity and independence of Laos. There have been threats, propaganda, and even open military attacks on Laotian Government forces.

The Government of Laos has regarded the situation as so dangerous to its security and independence that it has appealed to the United Nations. Members of SEATO, all of whom are at the same time members of the United Nations, welcome the promptness with which the Security Council acted on the problem of Laos.² SEATO members have faith in the ability of the United Nations to act both quickly and effectively in spite of the opposition of Communist countries to measures designed to protect the independence and integrity of small states. SEATO hopes that there will be effective and continuing United Nations action to ensure that the authority of the legitimate Government and the territorial integrity of Laos are maintained.

Considering that the situation in Laos is one which might endanger the peace of the area, members of SEATO will continue to consult under the Manila Pact on measures which should be taken for the common defense. In the event

² Ibid., Sept. 28, 1959, p. 456.

of it becoming necessary to defend the integrity of Laos against outside intervention SEATO has made preparations so as to be able to act promptly within the framework of the Manila treaty.

MINISTERIAL MEETING, WASHINGTON, SEPTEMBER 28

Press release 678 dated September 28

Taking advantage of the presence in the United States of the Foreign Ministers of many of the SEATO member nations for the opening of the Fourteenth General Assembly of the United Nations, the SEATO Council held an informal meeting in Washington today.

The meeting provided an opportunity for the discussion of significant world developments since the last regular Council Meeting in April.³ There was no formal agenda and views were exchanged on a wide range of topics.

Certain provisions of the Southeast Asia Collective Defense Treaty⁴ apply to Laos and particular attention was devoted to the current situation in that country.

The SEATO member nations are united in their determination to abide by their Treaty obligations and will, of course, continue to follow closely any developments that threaten the peace and stability of the Treaty Area.

All members of SEATO are also members of the United Nations. Article VI of the Southeast Asia Collective Defense Treaty specifies that the Treaty is not meant to affect the responsibility of the United Nations to insure international peace and security. Accordingly, the SEATO Council fully supports the prompt action of the United Nations Security Council in response to the appeal of the Royal Laotian Government.

United States Delegations to International Conferences

17th Session of ECE Timber Committee

The Department of State announced on October 2 (press release 694) the designation of George Corydon Wagner, Sr., vice president and treasurer

³ *Ibid.*, Apr. 27, 1959, p. 602.

⁴ For text, see *ibid.*, Sept. 20, 1954, p. 393.

of the St. Paul and Tacoma Lumber Co. of Tacoma, Wash., as the U.S. delegate to the 17th session of the Timber Committee of the Economic Commission for Europe (ECE), scheduled to be held at Geneva, October 12-16.

Discussions at this session will be devoted to a review of the market and prospects for European timber and wood products and to a consideration of various technical aspects of the industry.

TREATY INFORMATION

Current Actions

MULTILATERAL

Health

Amendments to articles 24 and 25 of the World Health Organization Constitution of July 22, 1946 (TIAS 1808). Adopted by the Twelfth World Health Assembly, Geneva May 28, 1959. Enters into force when accepted by two-thirds of the members in accordance with their respective constitutional processes.
Acceptances deposited: Haiti, August 10, 1959; Australia, August 12, 1959.

Telecommunication

International telecommunication convention. Signed at Buenos Aires December 22, 1952. Entered into force January 1, 1954. TIAS 3266.
Ratification deposited: Costa Rica, August 24, 1959.

Weather

Convention of the World Meteorological Organization. Done at Washington October 11, 1947. Entered into force March 23, 1950. TIAS 2052.
Accession deposited: Iran, September 30, 1959.

Wheat

International wheat agreement, 1959, with annex. Opened for signature at Washington April 6 through 24, 1959. Entered into force July 18, 1959, for part I and parts III to VIII, and August 1, 1959, for part II. TIAS 4302.
Acceptance deposited: Indonesia, September 22, 1959.

BILATERAL

Belgium

Agreement amending the agreement for cooperation concerning civil uses of atomic energy of June 15, 1955, as amended (TIAS 3301, 3738). Signed at Washington July 22, 1959. Entered into force September 29, 1959.

Burma

Agreement amending the economic cooperation agreement of March 21, 1957 (TIAS 3931). Effected by exchange of notes at Rangoon September 12, 1959. Entered into force September 12, 1959.

Cuba

Convention for the conservation of shrimp. Signed at Habana August 15, 1958. Entered into force September 4, 1959.

Proclaimed by the President: September 16, 1959.

Norway

Agreement amending annex C of the mutual defense assistance agreement of January 27, 1950 (TIAS 2016). Effected by exchange of notes at Oslo August 31 and September 9, 1959. Entered into force September 9, 1959.

DEPARTMENT AND FOREIGN SERVICE

President Designates Officers To Act as Secretary of State

White House press release dated September 30

WHITE HOUSE ANNOUNCEMENT

The President on September 30 approved an Executive order which establishes the order of succession for principal officers in the Department of State in case of the death, resignation, absence, or sickness of the Secretary of State. This order, which supersedes a previous Executive order on the subject,¹ is occasioned by Public Law 86-117, approved July 30, 1959, which makes provision for an alternate title for the third-ranking officer of the Department of State.

The following designated officers of the Department are now authorized to act, in the order of succession indicated, as Secretary of State until a successor is appointed, or until the absence or sickness of the incumbent shall cease:

1. Under Secretary of State.
2. Under Secretary of State for Political Affairs.
3. Deputy Under Secretaries of State in the order designated by the Secretary or Acting Secretary of State or according to their lengths of service.
4. Assistant Secretaries of State in the order designated by the Secretary or Acting Secretary or according to their lengths of service.

The order also notes that, pursuant to law, any

¹ For text of Executive Order 10791 of Nov. 28, 1958, see BULLETIN of Dec. 22, 1958, p. 1031.

officer specified by the President shall act as Secretary of State.

EXECUTIVE ORDER 10839¹

DESIGNATING CERTAIN OFFICERS TO ACT AS SECRETARY OF STATE

By virtue of authority vested in me by section 179 of the Revised Statutes (5 U.S.C. 6), and as President of the United States, it is ordered as follows:

In case of the death, resignation, absence, or sickness of the Secretary of State and the Under Secretary of State, the following-designated officers of the Department of State shall, in the order of succession indicated, act as Secretary of State until a successor is appointed or until the absence or sickness of the incumbent shall cease:

1. Under Secretary of State for Political Affairs or Under Secretary of State for Economic Affairs, as may be designated by the President pursuant to the act of July 30, 1959, 73 Stat. 266.
2. Deputy Under Secretaries of State, (a) in such order of succession as the Secretary of State (or the Under Secretary of State when acting as Secretary) may by order designate from time to time, or (b) if no such designation order is in effect at the time, in the order of the lengths of service as Deputy Under Secretaries.
3. Assistant Secretaries of State, (a) in such order of succession as the Secretary of State (or the Under Secretary of State when acting as Secretary) may by order designate from time to time, or (b) if no such designation order is in effect at the time, in the order of the lengths of service as Assistant Secretaries.

The President may at any time, in pursuance of law but without regard to the foregoing provisions of this order, direct that an officer specified by the President shall act as Secretary of State.

Executive Order No. 10791 of November 28, 1958, is hereby superseded.

Dwight D. Eisenhower

THE WHITE HOUSE,
September 30, 1959.

Designations

William A. Crawford as director, Office of Research and Analysis for Sino-Soviet Bloc, Bureau of Intelligence and Research, effective September 29.

Arthur B. Emmons III as deputy director, Office of Southwest Pacific Affairs, Bureau of Far Eastern Affairs, effective October 1.

Lewis E. Gleek, Jr., as special assistant, SEATO Affairs, Bureau of Far Eastern Affairs, effective October 1.

¹ 24 Fed. Reg. 7939.

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Press releases may be obtained from the News Division, Department of State, Washington 25, D.C.

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| No. | Date | Subject |
|------|------|----------------------------------------------------------------------------|
| 677 | 9/28 | Visit of Polish Minister of Agriculture. |
| 678 | 9/28 | SEATO communique. |
| 679 | 9/28 | Visit of Prime Minister Segni of Italy (rewrite). |
| †680 | 9/29 | Rubottom: "Hemispheric Progress Based on Understanding." |
| *681 | 9/29 | Educational exchange (Guatemala). |
| *682 | 9/29 | Cultural exchange (Brazil). |
| 683 | 9/30 | Dillon: news conference statement on Soviet trade (combined with No. 687). |
| 684 | 9/30 | Renegotiation of textile concessions by Canada. |
| †685 | 9/30 | Closing of U.S. consulate at Niagara Falls. |
| *686 | 9/30 | Cultural exchange (Brazil). |
| 687 | 9/30 | Dillon: news conference of September 30. |
| 688 | 9/30 | Nixon and Segni: exchange of greetings. |
| †689 | 9/30 | Educational exchange agreement with U.A.R. |
| 690 | 10/1 | French removal of discrimination against dollar imports. |
| *691 | 10/1 | Itinerary of Polish Minister of Agriculture. |
| 692 | 10/1 | Berding: D.C. League of Republican Women. |
| †693 | 10/2 | Photographic exhibition of Korean monuments (rewrite). |
| 694 | 10/2 | Delegate to ECE Timber Committee (rewrite). |
| 695 | 10/2 | U.S.-Italian joint communique. |

*Not printed.

†Held for a later issue of the BULLETIN.

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President Eisenhower's European Trip

August-September 1959

On August 26 President Eisenhower left the United States for a 13-day visit to Europe to confer on matters of mutual interest with Chancellor Konrad Adenauer of Germany, Prime Minister Harold Macmillan of Great Britain, President Charles de Gaulle of France, and other European leaders. The principal statements made by the President as well as those of various European leaders with whom he met, together with joint communiques and letters relevant to the President's visit, are contained in this 36-page pamphlet.

Publication 6888

20 cents

Foreign Ministers Meeting

Geneva, May-August 1959

This documentary publication on the recent Geneva Meeting of Foreign Ministers includes all the substantive statements made in the plenary sessions, together with important statements made outside the Conference by President Eisenhower and other officials, as well as certain other important related papers. Also included are the reports made to the American people by Secretary of State Herter before and after each of the two phases of the Conference; lists of the delegations and adviser groups attending it; and a table of all East-West meetings held as part of the Conference.

Publication 6882

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